



CLARK SCHAEFER HACKETT  
BUSINESS ADVISORS

# **CITY OF SYLVANIA, OHIO**

LUCAS COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2024





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City Council  
City of Sylvania  
6730 Monroe Street  
Sylvania, OH 43560-1948

We have reviewed the *Independent Auditors' Report* of the City of Sylvania, Lucas County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2024 through December 31, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Sylvania is responsible for compliance with these laws and regulations.

KEITH FABER  
Ohio Auditor of State

A handwritten signature in black ink that reads "Tiffany L. Ridenbaugh".

Tiffany L. Ridenbaugh, CPA, CFE, CGFM  
Chief Deputy Auditor

**August 20, 2025**

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## **INDEPENDENT AUDITORS' REPORT**

To the City Council  
City of Sylvania, Ohio:

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sylvania, Ohio ("the City"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund, American Rescue Plan Fund and City Services Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Clark, Schaefer, Hackett & Co.*

Maumee, Ohio  
June 16, 2025

# CITY OF SYLVANIA, OHIO

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## *Management's Discussion and Analysis For the Year Ended December 31, 2024*

*Unaudited*

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The discussion and analysis of the City of Sylvania's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2024. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for 2024 are as follows:

- ❑ In total, net position increased \$8,863,351. Net position of governmental activities increased \$8,419,460 from 2023. Net position of business-type activities increased \$443,891 from 2023.
- ❑ General revenues accounted for \$19.1 million in revenue or 49% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 51% of total revenues of \$38.6 million.
- ❑ The City had \$20.5 million in expenses related to governmental activities; only \$10.3 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$18.7 million provided for these programs.
- ❑ Among major funds, the General Fund had \$17.7 million in revenues. The General Fund had \$18.0 million in expenditures and other uses including \$4.0 million in transfers out to other funds. The General Fund's fund balance decreased by \$295,025 to \$6,818,907.
- ❑ Net position for enterprise funds increased by \$414,279.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – *management's discussion and analysis*, the *basic financial statements* and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

# CITY OF SYLVANIA, OHIO

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*Management's Discussion and Analysis  
For the Year Ended December 31, 2024*

*Unaudited*

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## **Government-Wide Statements**

The government-wide statements report information about the City as a whole using accepted methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net position (the difference between the City's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as property tax base, current property tax laws, conditions of the City's streets and continued growth within the City.

The government-wide financial statements of the City are divided into two categories:

- Governmental Activities – Most of the City's programs and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, transportation and general government.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's water, sewer and resource recovery services are reported as business-type activities.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance City activities. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

## CITY OF SYLVANIA, OHIO

***Management’s Discussion and Analysis  
For the Year Ended December 31, 2024***

***Unaudited***

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City’s programs. All of the City’s fiduciary activities are reported in a separate Statement of Net Position and a separate Statement of Changes in Net Position.

### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provided a comparison of the City’s net position between December 31, 2024 and 2023:

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$40,337,261	\$38,811,377	\$7,553,566	\$8,484,585	\$47,890,827	\$47,295,962
Capital assets, Net	49,211,215	45,014,616	17,617,031	16,575,151	66,828,246	61,589,767
Total assets	<u>89,548,476</u>	<u>83,825,993</u>	<u>25,170,597</u>	<u>25,059,736</u>	<u>114,719,073</u>	<u>108,885,729</u>
Deferred outflows of resources	<u>5,228,504</u>	<u>7,288,595</u>	<u>651,806</u>	<u>1,145,676</u>	<u>5,880,310</u>	<u>8,434,271</u>
Net pension liability	15,842,360	17,090,884	1,887,553	2,404,925	17,729,913	19,495,809
Net OPEB liability	696,791	861,290	0	53,147	696,791	914,437
Other long-term liabilities	8,388,083	8,983,955	3,197,883	2,909,171	11,585,966	11,893,126
Other liabilities	2,586,629	4,116,833	336,990	724,676	2,923,619	4,841,509
Total liabilities	<u>27,513,863</u>	<u>31,052,962</u>	<u>5,422,426</u>	<u>6,091,919</u>	<u>32,936,289</u>	<u>37,144,881</u>
Deferred inflows of resources	<u>4,095,239</u>	<u>4,514,960</u>	<u>424,779</u>	<u>505,743</u>	<u>4,520,018</u>	<u>5,020,703</u>
Net position:						
Net investment in capital assets	42,862,302	37,336,306	14,725,372	13,930,090	57,587,674	51,266,396
Restricted	6,789,302	6,008,295	67,977	0	6,857,279	6,008,295
Unrestricted	<u>13,516,274</u>	<u>12,202,065</u>	<u>5,181,849</u>	<u>5,677,660</u>	<u>18,698,123</u>	<u>17,879,725</u>
Total net position	<u>\$63,167,878</u>	<u>\$55,546,666</u>	<u>\$19,975,198</u>	<u>\$19,607,750</u>	<u>\$83,143,076</u>	<u>\$75,154,416</u>

The net pension liability (NPL) is reported by the City pursuant to GASB Statement 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.” For fiscal year 2018, the City adopted GASB Statement 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City’s actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension, OPEB and the Net OPEB Asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan’s *net pension liability* or *net OPEB liability*.

## **CITY OF SYLVANIA, OHIO**

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***Management's Discussion and Analysis  
For the Year Ended December 31, 2024***

***Unaudited***

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GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability/(asset) to equal the City's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/(asset), respectively, not accounted for as deferred inflows/outflows.

## CITY OF SYLVANIA, OHIO

### Management's Discussion and Analysis For the Year Ended December 31, 2024

*Unaudited*

Changes in Net position – The following table shows the changes in net position for the fiscal year 2024 and 2023:

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program Revenues:						
Charges for Services and Sales	\$2,605,484	\$2,405,689	\$9,196,559	\$8,627,886	\$11,802,043	\$11,033,575
Operating Grants and Contributions	2,753,099	2,760,270	0	0	2,753,099	2,760,270
Capital Grants and Contributions	4,967,482	5,490,038	0	0	4,967,482	5,490,038
Total Program Revenues	<u>10,326,065</u>	<u>10,655,997</u>	<u>9,196,559</u>	<u>8,627,886</u>	<u>19,522,624</u>	<u>19,283,883</u>
General Revenues:						
Property Taxes	2,322,493	2,324,699	0	0	2,322,493	2,324,699
Income Taxes	13,246,846	13,296,007	0	0	13,246,846	13,296,007
Intergovernmental Grant, Unrestricted	1,205,232	927,857	0	0	1,205,232	927,857
Investment Earnings	1,446,953	1,098,829	357,452	309,420	1,804,405	1,408,249
Miscellaneous	486,980	549,349	0	0	486,980	549,349
Total General Revenues	<u>18,708,504</u>	<u>18,196,741</u>	<u>357,452</u>	<u>309,420</u>	<u>19,065,956</u>	<u>18,506,161</u>
Total Revenues	<u>29,034,569</u>	<u>28,852,738</u>	<u>9,554,011</u>	<u>8,937,306</u>	<u>38,588,580</u>	<u>37,790,044</u>
Program Expenses						
Security of Persons and Property	7,789,887	6,960,637	0	0	7,789,887	6,960,637
Public Health and Welfare Services	146,507	146,855	0	0	146,507	146,855
Leisure Time Activities	1,101,111	992,220	0	0	1,101,111	992,220
Community Environment	909,747	869,197	0	0	909,747	869,197
Basic Utility Services	1,595,669	1,528,943	0	0	1,595,669	1,528,943
Transportation	1,851,865	1,761,421	0	0	1,851,865	1,761,421
General Government	6,940,937	6,119,569	0	0	6,940,937	6,119,569
Interest and Fiscal Charges	159,386	179,040	0	0	159,386	179,040
Water	0	0	5,409,146	5,375,496	5,409,146	5,375,496
Sewer	0	0	3,721,291	4,070,394	3,721,291	4,070,394
Resource Recovery	0	0	99,683	177,571	99,683	177,571
Total Expenses	<u>20,495,109</u>	<u>18,557,882</u>	<u>9,230,120</u>	<u>9,623,461</u>	<u>29,725,229</u>	<u>28,181,343</u>
Change in Net Position before Transfers	8,539,460	10,294,856	323,891	(686,155)	8,863,351	9,608,701
Transfers	(120,000)	(120,000)	120,000	120,000	0	0
Total Change in Net Position	8,419,460	10,174,856	443,891	(566,155)	8,863,351	9,608,701
Net Position as Previously Reported	55,546,666	45,371,810	19,607,750	20,173,905	75,154,416	65,545,715
Change in Accounting Principle (GASB Statement 101)	(798,248)	0	(76,443)	0	(874,691)	0
Beginning Net Position, as Restated	<u>54,748,418</u>	<u>45,371,810</u>	<u>19,531,307</u>	<u>20,173,905</u>	<u>74,279,725</u>	<u>65,545,715</u>
Ending Net Position	<u>\$63,167,878</u>	<u>\$55,546,666</u>	<u>\$19,975,198</u>	<u>\$19,607,750</u>	<u>\$83,143,076</u>	<u>\$75,154,416</u>

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## CITY OF SYLVANIA, OHIO

**Management's Discussion and Analysis  
For the Year Ended December 31, 2024**

**Unaudited**

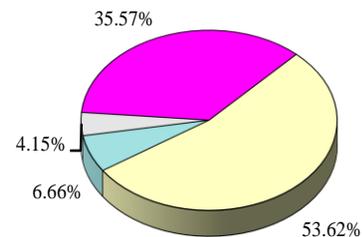
**Governmental Activities**

Net position of the City's governmental activities increased by \$8,419,460. Much of this increase was related to an increase in charges for services and an increase across the board in general revenues such as investment earnings and intergovernmental revenues.

The City also receives an income tax, which is based on 1.5% of all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City.

Property taxes and income taxes made up 8.0% and 45.6%, respectively, of revenues for governmental activities for the City in fiscal year 2024. The City's reliance upon tax revenues is demonstrated by the following graph indicating 53.6% of total revenues from general tax revenues:

Revenue Sources	2024	Percent of Total
Intergovernmental, Unrestricted	\$1,205,232	4.15%
Program Revenues	10,326,065	35.57%
General Tax Revenues	15,569,339	53.62%
General Other	1,933,933	6.66%
Total Revenue	<u>\$29,034,569</u>	<u>100.00%</u>



**Business-Type Activities**

Net position of the business-type activities increased by \$443,891. This increase can be largely related to an increase in user charges for services collected from 2023 to 2024.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City's governmental funds reported a combined fund balance of \$31,258,346, which is an increase from last year's balance of \$28,223,255. The schedule below indicates the fund balance and the total change in fund balance by major fund as of December 31, 2024 and 2023:

	Fund Balance December 31, 2024	Fund Balance December 31, 2023	Increase (Decrease)
General	\$6,818,907	\$7,113,932	(\$295,025)
City Services	1,264,452	1,327,670	(63,218)
American Rescue Plan	0	40,560	(40,560)
G.O. Debt Service	831,660	909,228	(77,568)
Capital Improvement	18,602,197	15,282,574	3,319,623
Other Governmental	3,741,130	3,549,291	191,839
Total	<u>\$31,258,346</u>	<u>\$28,223,255</u>	<u>\$3,035,091</u>

The General Fund balance decreased \$295,025 from 2023 to 2024. This is mostly due to the increase in security of persons and property during 2024 compared to 2023.

## CITY OF SYLVANIA, OHIO

***Management's Discussion and Analysis  
For the Year Ended December 31, 2024***

***Unaudited***

The Debt Service fund balance decrease was mostly related to the decrease in transfers into the fund from 2023 to 2024.

The increase in fund balance in the Capital Improvement Fund can be attributed to the large decrease in capital outlay from 2023 to 2024.

General Fund – The General Fund balance decrease is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2024 Revenues	2023 Revenues	Increase (Decrease)
Taxes	\$13,304,138	\$13,439,362	(\$135,224)
Intergovernmental Revenue	1,252,663	1,154,871	97,792
Charges for Services	761,032	837,950	(76,918)
Licenses, Permits and Fees	273,097	303,373	(30,276)
Fines and Forfeitures	1,203,998	1,070,584	133,414
Investment Earnings	515,939	335,490	180,449
All Other Revenue	365,978	252,891	113,087
Total	\$17,676,845	\$17,394,521	\$282,324

General Fund revenues in 2024 increased compared to revenues in fiscal year 2023. The most significant factor contributing to this increase was an increase in investment earnings from 2023 to 2024 due to an upturn in the market during 2024.

	2024 Expenditures	2023 Expenditures	Increase (Decrease)
Security of Persons and Property	\$5,462,077	\$4,888,969	\$573,108
Public Health and Welfare Services	126,867	130,349	(3,482)
Leisure Time Activities	988,967	852,899	136,068
Community Environment	551,658	546,491	5,167
Basic Utility Services	1,086,028	1,056,693	29,335
Transportation	194,331	231,288	(36,957)
General Government	5,565,456	5,204,962	360,494
Total	\$13,975,384	\$12,911,651	\$1,063,733

General Fund expenditures increased by \$1,063,733. The largest portion of this increase came in security of persons and property and general government, mostly due to the regular increases in costs.

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2024 the City amended its General Fund budget several times. None were very significant.

For the General Fund, final budget basis revenue of \$19.2 million did not increase from the original budget estimates of \$19.2.

## CITY OF SYLVANIA, OHIO

*Management's Discussion and Analysis  
For the Year Ended December 31, 2024*

*Unaudited*

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### *Capital Assets*

At the end of 2024 the City had \$66,828,246 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, \$49,211,215 was related to governmental activities and \$17,617,031 to the business-type activities. The following table shows fiscal year 2024 and 2023 balances:

	Governmental Activities		Increase (Decrease)
	2024	2023	
Land	\$9,805,579	\$9,805,579	\$0
Construction in Progress	2,151,855	9,416,004	(7,264,149)
Land Improvements	5,960,033	5,960,033	0
Buildings	8,810,708	8,810,708	0
Machinery and Equipment	7,735,317	7,090,065	645,252
Infrastructure	54,642,197	41,714,614	12,927,583
Less: Accumulated Depreciation	(39,894,474)	(37,782,387)	(2,112,087)
Totals	\$49,211,215	\$45,014,616	\$4,196,599

	Business-Type Activities		Increase (Decrease)
	2024	2023	
Construction in Progress	62,439	63,565	(1,126)
Buildings	\$619,633	\$619,633	\$0
Machinery and Equipment	2,154,549	2,080,159	74,390
Improvements	47,068,481	44,810,618	2,257,863
Less: Accumulated Depreciation	(32,288,071)	(30,998,824)	(1,289,247)
Totals	\$17,617,031	\$16,575,151	\$1,041,880

Additional information on the City's capital assets can be found in Note 9.

# **CITY OF SYLVANIA, OHIO**

## **Management's Discussion and Analysis For the Year Ended December 31, 2024**

**Unaudited**

### **Debt**

At December 31, 2024, the City had \$7.7 million in bonds outstanding, \$1.2 million due within one year. The following table summarizes the City's debt outstanding as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Governmental Activities:		
General Obligation Bonds	\$6,460,491	\$7,816,083
Compensated Absences	1,927,592	1,167,872
Net Pension Liability	15,842,360	17,090,884
Net OPEB Liability	696,791	861,290
Total Governmental Activities	<u>24,927,234</u>	<u>26,936,129</u>
Business-Type Activities:		
General Obligation Bonds	1,222,943	1,380,614
OWDA Loan Payable	1,689,764	1,288,502
Compensated Absences	285,176	240,055
Net Pension Liability	1,887,553	2,404,925
Net OPEB Liability	0	53,147
Total Business-Type Activities	<u>5,085,436</u>	<u>5,367,243</u>
Totals	<u>\$30,012,670</u>	<u>\$32,303,372</u>

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the respective counties in which Sylvania lies, is limited to fifteen mills. At December 31, 2024, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 14.

### **ECONOMIC FACTORS**

The City's economic base continues to be very stable since it is based on primarily commercial and retail with little manufacturing. Medical, education and financial interests provide a relatively predictable income source.

City Council has the ability to increase income tax revenues by eliminating or reducing the 100% credit for taxes paid by residents to other cities in which they work.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Finance Department by calling 419-885-8934 or writing to City of Sylvania Finance Department, 6730 Monroe Street, Sylvania, Ohio 43560.

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**CITY OF SYLVANIA, OHIO**

**Statement of Net Position**  
**December 31, 2024**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$ 31,031,519	\$ 6,356,796	\$ 37,388,315
Investments	132,196	0	132,196
Receivables:			
Taxes	4,058,009	0	4,058,009
Accounts	201,866	596,046	797,912
Intergovernmental	1,227,148	0	1,227,148
Interest	124,956	32,504	157,460
Special Assessments	1,137,088	0	1,137,088
Notes	195,000	0	195,000
Settlements	81,887	0	81,887
Leases	0	300,418	300,418
Internal Balances	36,157	(36,157)	0
Inventory of Supplies at Cost	272,411	194,401	466,812
Prepaid Items	525,484	41,581	567,065
Investment in Joint Venture	1,074,000	0	1,074,000
Restricted Assets:			
Cash and Cash Equivalents	1,063	0	1,063
Net OPEB Asset	238,477	67,977	306,454
Capital Assets:			
Capital Assets Not Being Depreciated	11,957,434	62,439	12,019,873
Capital Assets Being Depreciated, Net	37,253,781	17,554,592	54,808,373
<b>Total Assets</b>	<b>89,548,476</b>	<b>25,170,597</b>	<b>114,719,073</b>
<b>Deferred Outflows of Resources:</b>			
Deferred Loss on Debt Refunding	125,010	21,048	146,058
Pension	4,519,262	572,435	5,091,697
OPEB	584,232	58,323	642,555
<b>Total Deferred Outflows of Resources</b>	<b>5,228,504</b>	<b>651,806</b>	<b>5,880,310</b>
<b>Liabilities:</b>			
Accounts Payable	388,747	288,380	677,127
Accrued Wages and Benefits	310,009	46,353	356,362
Claims Payable	331,900	0	331,900
Unearned Revenue	1,542,541	0	1,542,541
Accrued Interest Payable	13,432	2,257	15,689
Noncurrent liabilities:			
Due within one year	1,480,445	312,640	1,793,085
Due in More than One Year:			
Other Amounts Due in More than One Year	6,907,638	2,885,243	9,792,881
Net Pension Liability	15,842,360	1,887,553	17,729,913
Net OPEB Liability	696,791	0	696,791
<b>Total Liabilities</b>	<b>27,513,863</b>	<b>5,422,426</b>	<b>32,936,289</b>

(Continued)

**CITY OF SYLVANIA, OHIO**

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	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Deferred Inflows of Resources:</b>			
Property Tax Levy for Next Fiscal Year	2,277,724	0	2,277,724
Pension	1,027,018	85,463	1,112,481
OPEB	790,497	38,898	829,395
Leases	0	300,418	300,418
<b>Total Deferred Inflows of Resources</b>	<b>4,095,239</b>	<b>424,779</b>	<b>4,520,018</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	42,862,302	14,725,372	57,587,674
Restricted For:			
OPEB	238,477	67,977	306,454
Capital Projects	3,850	0	3,850
Other Purposes	6,546,975	0	6,546,975
Unrestricted	13,516,274	5,181,849	18,698,123
<b>Total Net Position</b>	<b>\$ 63,167,878</b>	<b>\$ 19,975,198</b>	<b>\$ 83,143,076</b>

See accompanying notes to the basic financial statements

**CITY OF SYLVANIA, OHIO**

**Statement of Activities**  
**For the Year Ended December 31, 2024**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Current:				
Security of Persons and Property	\$ 7,789,887	\$ 434,164	\$ 720,632	\$ 0
Public Health and Welfare Services	146,507	20,921	0	0
Leisure Time Activities	1,101,111	0	0	0
Community Environment	909,747	30,829	219,104	0
Basic Utility Services	1,595,669	721,751	366,116	0
Transportation	1,851,865	6,694	1,434,285	4,719,580
General Government	6,940,937	1,391,125	12,962	247,902
Interest and Fiscal Charges	159,386	0	0	0
<b>Total Governmental Activities</b>	<b>20,495,109</b>	<b>2,605,484</b>	<b>2,753,099</b>	<b>4,967,482</b>
<b>Business-Type Activities:</b>				
Water	5,409,146	4,947,160	0	0
Sewer	3,721,291	4,172,553	0	0
Resource Recovery	99,683	76,846	0	0
<b>Total Business-Type Activities</b>	<b>9,230,120</b>	<b>9,196,559</b>	<b>0</b>	<b>0</b>
<b>Totals</b>	<b>\$ 29,725,229</b>	<b>\$ 11,802,043</b>	<b>\$ 2,753,099</b>	<b>\$ 4,967,482</b>

**General Revenues**

Property Taxes  
Municipal Income Taxes  
Grants and Entitlements not Restricted to Specific Programs  
Investment Earnings  
Miscellaneous  
Transfers  
Total General Revenues and Transfers

Change in Net Position

Net Position as Previously Reported  
Change in Accounting Principle (GASB Statement 101)  
Net Position Beginning of Year, as Restated  
Net Position End of Year

See accompanying notes to the basic financial statements

## *CITY OF SYLVANIA, OHIO*

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business- Type Activities	Total
\$ (6,635,091)	\$ 0	\$ (6,635,091)
(125,586)	0	(125,586)
(1,101,111)	0	(1,101,111)
(659,814)	0	(659,814)
(507,802)	0	(507,802)
4,308,694	0	4,308,694
(5,288,948)	0	(5,288,948)
(159,386)	0	(159,386)
(10,169,044)	0	(10,169,044)
0	(461,986)	(461,986)
0	451,262	451,262
0	(22,837)	(22,837)
0	(33,561)	(33,561)
(10,169,044)	(33,561)	(10,202,605)
2,322,493	0	2,322,493
13,246,846	0	13,246,846
1,205,232	0	1,205,232
1,446,953	357,452	1,804,405
486,980	0	486,980
(120,000)	120,000	0
18,588,504	477,452	19,065,956
8,419,460	443,891	8,863,351
55,546,666	19,607,750	75,154,416
(798,248)	(76,443)	(874,691)
54,748,418	19,531,307	74,279,725
\$ 63,167,878	\$ 19,975,198	\$ 83,143,076

**CITY OF SYLVANIA, OHIO**

**Balance Sheet  
Governmental Funds  
December 31, 2024**

	General	City Services	American Rescue Plan	G.O. Debt Service
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$ 5,349,783	\$ 1,284,107	\$ 1,542,541	\$ 831,660
Investments	0	0	0	0
Receivables:				
Taxes	2,737,002	0	0	682,596
Accounts	137,870	0	0	0
Intergovernmental	414,970	0	0	48,316
Interest	27,169	0	0	0
Special Assessments	0	965,730	0	0
Notes	195,000	0	0	0
Settlements	0	0	0	0
Inventory of Supplies, at Cost	181,301	0	0	0
Prepaid Items	517,069	779	0	0
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	0
<b>Total Assets</b>	<b>\$ 9,560,164</b>	<b>\$ 2,250,616</b>	<b>\$ 1,542,541</b>	<b>\$ 1,562,572</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 194,132	\$ 15,023	\$ 0	\$ 0
Accrued Wages and Benefits Payable	270,962	5,411	0	0
Unearned Revenue	0	0	1,542,541	0
Compensated Absences Payable	43,388	0	0	0
<b>Total Liabilities</b>	<b>508,482</b>	<b>20,434</b>	<b>1,542,541</b>	<b>0</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable Amounts	1,113,303	965,730	0	62,228
Property Tax for Next Fiscal Year	1,119,472	0	0	668,684
<b>Total Deferred Inflows of Resources</b>	<b>2,232,775</b>	<b>965,730</b>	<b>0</b>	<b>730,912</b>
<b>Fund Balances:</b>				
Nonspendable	893,370	779	0	0
Restricted	0	1,263,673	0	0
Committed	0	0	0	0
Assigned	0	0	0	831,660
Unassigned	5,925,537	0	0	0
<b>Total Fund Balances</b>	<b>6,818,907</b>	<b>1,264,452</b>	<b>0</b>	<b>831,660</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 9,560,164</b>	<b>\$ 2,250,616</b>	<b>\$ 1,542,541</b>	<b>\$ 1,562,572</b>

See accompanying notes to the basic financial statements

**CITY OF SYLVANIA, OHIO**

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Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 18,655,181	\$ 3,341,050	\$ 31,004,322
0	132,196	132,196
138,641	499,770	4,058,009
0	258	138,128
8,104	755,758	1,227,148
96,633	1,154	124,956
171,358	0	1,137,088
0	0	195,000
0	81,887	81,887
0	91,110	272,411
0	7,636	525,484
0	1,063	1,063
<u>\$ 19,069,917</u>	<u>\$ 4,911,882</u>	<u>\$ 38,897,692</u>
\$ 141,429	\$ 38,163	\$ 388,747
0	33,636	310,009
0	0	1,542,541
0	1,646	45,034
<u>141,429</u>	<u>73,445</u>	<u>2,286,331</u>
326,291	607,739	3,075,291
0	489,568	2,277,724
<u>326,291</u>	<u>1,097,307</u>	<u>5,353,015</u>
0	99,809	993,958
0	3,507,539	4,771,212
18,602,197	133,500	18,735,697
0	282	831,942
0	0	5,925,537
<u>18,602,197</u>	<u>3,741,130</u>	<u>31,258,346</u>
<u>\$ 19,069,917</u>	<u>\$ 4,911,882</u>	<u>\$ 38,897,692</u>

**CITY OF SYLVANIA, OHIO**

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***Reconciliation Of Total Governmental Fund Balances  
To Net Position Of Governmental Activities  
December 31, 2024***

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**Total Governmental Fund Balances** \$ 31,258,346

*Amounts reported for governmental activities in the  
statement of net position are different because*

Capital Assets used in governmental activities are not resources and therefore are not reported in the funds. 49,211,215

The government's explicit, measurable equity interest in a joint venture is not a financial asset to the government, therefore it is not reported in the governmental funds. However, the government is required to report the equity interest as an asset in connection with governmental activities in the government-wide statement of net position. 1,074,000

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.

Municipal Income Taxes	866,983	
Property Taxes	47,300	
Interest	109,632	
Special Assessments	1,137,088	
Settlements	81,887	
Intergovernmental	832,401	3,075,291

The net pension and OPEB liabilities are not due and payable in the current period, and the net OPEB (asset) is not an expendable financial resource; therefore, the liabilities/(asset) and related deferred inflows/outflows are not reported in the governmental funds.

Net OPEB Asset	238,477	
Deferred Outflows - Pension	4,519,262	
Deferred Inflows - Pension	(1,027,018)	
Deferred Outflows - OPEB	584,232	
Deferred Inflows - OPEB	(790,497)	
Net Pension Liability	(15,842,360)	
Net OPEB Liability	(696,791)	(13,014,695)

Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds: it is reported when due. (13,432)

(Continued)

**CITY OF SYLVANIA, OHIO**

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Internal service funds are used by management to charge the costs of insurance to individual funds. The assets, liabilities and deferred inflows/outflows of the internal service funds are included in governmental activities in the statement of net position. (204,808)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

General Obligation Bonds Payable	(6,369,000)	
Deferred Loss on Debt Refunding	125,010	
Premium on General Obligation Bonds Payable	(91,491)	
Compensated Absences Payable	<u>(1,882,558)</u>	<u>(8,218,039)</u>

***Net Position of Governmental Activities*** \$ 63,167,878

See accompanying notes to the basic financial statements

## CITY OF SYLVANIA, OHIO

### Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended December 31, 2024

	General	City Services	American Rescue Plan	G.O. Debt Service
<b>Revenues:</b>				
Property Taxes	\$ 1,133,918	\$ 0	\$ 0	\$ 680,351
Municipal Income Taxes	12,170,220	0	0	0
Intergovernmental Revenues	1,252,663	0	299,278	91,338
Charges for Services	761,032	0	0	0
Licenses, Permits and Fees	273,097	0	0	0
Investment Earnings	515,939	0	37,220	0
Special Assessments	0	942,264	0	0
Fines and Forfeitures	1,203,998	0	0	0
All Other Revenue	365,978	0	0	0
<b>Total Revenue</b>	<b>17,676,845</b>	<b>942,264</b>	<b>336,498</b>	<b>771,689</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	5,462,077	461,320	0	0
Public Health and Welfare Services	126,867	0	0	0
Leisure Time Activities	988,967	0	0	0
Community Environment	551,658	228,561	0	0
Basic Utility Services	1,086,028	315,601	0	0
Transportation	194,331	0	0	0
General Government	5,565,456	0	377,058	10,473
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	1,279,750
Interest & Fiscal Charges	0	0	0	159,034
<b>Total Expenditures</b>	<b>13,975,384</b>	<b>1,005,482</b>	<b>377,058</b>	<b>1,449,257</b>
Excess (Deficiency) of Revenues Over Expenditures	3,701,461	(63,218)	(40,560)	(677,568)
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	0	0	600,000
Transfers Out	(3,998,138)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(3,998,138)</b>	<b>0</b>	<b>0</b>	<b>600,000</b>
Net Change in Fund Balances	(296,677)	(63,218)	(40,560)	(77,568)
<b>Fund Balances at Beginning of Year</b>	<b>7,113,932</b>	<b>1,327,670</b>	<b>40,560</b>	<b>909,228</b>
Increase in Inventory Reserve	1,652	0	0	0
<b>Fund Balances End of Year</b>	<b>\$ 6,818,907</b>	<b>\$ 1,264,452</b>	<b>\$ 0</b>	<b>\$ 831,660</b>

See accompanying notes to the basic financial statements

**CITY OF SYLVANIA, OHIO**

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Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 498,924	\$ 2,313,193
1,058,280	0	13,228,500
4,727,684	1,518,393	7,889,356
0	0	761,032
0	0	273,097
885,627	16,411	1,455,197
12,769	0	955,033
0	205,919	1,409,917
221,867	34,538	622,383
<u>6,906,227</u>	<u>2,274,185</u>	<u>28,907,708</u>
0	645,731	6,569,128
0	0	126,867
0	0	988,967
0	0	780,219
0	0	1,401,629
0	1,502,154	1,696,485
0	100,916	6,053,903
6,586,604	79,857	6,666,461
0	50,000	1,329,750
0	0	159,034
<u>6,586,604</u>	<u>2,378,658</u>	<u>25,772,443</u>
319,623	(104,473)	3,135,265
3,000,000	278,138	3,878,138
0	0	(3,998,138)
<u>3,000,000</u>	<u>278,138</u>	<u>(120,000)</u>
3,319,623	173,665	3,015,265
15,282,574	3,549,291	28,223,255
0	18,174	19,826
<u>\$ 18,602,197</u>	<u>\$ 3,741,130</u>	<u>\$ 31,258,346</u>

**CITY OF SYLVANIA, OHIO**

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***Reconciliation Of The Statement Of Revenues, Expenditures  
And Changes In Fund Balances Of Governmental Funds  
To The Statement Of Activities  
For The Year Ended December 31, 2024***

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**Net Change in Fund Balances - Total Governmental Funds** \$ 3,015,265

***Amounts reported for governmental activities in the statement of activities are different because***

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital Outlay	6,737,418	
Depreciation	<u>(2,540,819)</u>	4,196,599

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Municipal Income Taxes	18,346	
Property Taxes	9,300	
Interest	(8,244)	
Special Assessments	34,935	
Settlements	81,887	
Intergovernmental	<u>(9,363)</u>	126,861

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:

Pension	1,150,848	
OPEB	<u>15,459</u>	1,166,307

Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension/OPEB expense in the statement of activities:

Pension	(1,369,831)	
OPEB	<u>21,376</u>	(1,348,455)

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position. In addition, repayment of bond, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

General Obligation Bonds Principal	1,329,750	
Amortization of Deferred Loss on Debt Refunding	<u>(27,911)</u>	1,301,839

(Continued)

**CITY OF SYLVANIA, OHIO**

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Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of net position.

Amortization of Premium	25,843	
Accrued Interest Payable	<u>1,716</u>	27,559

Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Increase in Supplies Inventory	19,826	
Decrease in Compensated Absences Payable	<u>45,451</u>	65,277

The internal service funds are used by management to charge the costs of services to individual funds and is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities.

(131,792)

***Change in Net Position of Governmental Activities***

\$ 8,419,460

See accompanying notes to the basic financial statements

**CITY OF SYLVANIA, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Year Ended December 31, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 1,300,000	\$ 1,300,000	\$ 1,133,918	\$ (166,082)
Municipal Income Taxes	13,800,000	13,800,000	12,308,656	(1,491,344)
Intergovernmental Revenue	1,170,000	1,170,000	1,204,183	34,183
Charges for Services	870,000	870,000	772,598	(97,402)
Licenses, Permits and Fees	360,000	360,000	286,447	(73,553)
Investment Earnings	260,000	260,000	397,458	137,458
Fines and Forfeitures	1,153,000	1,153,000	1,176,772	23,772
All Other Revenues	335,000	335,000	365,478	30,478
Total Revenues	<u>19,248,000</u>	<u>19,248,000</u>	<u>17,645,510</u>	<u>(1,602,490)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	5,504,000	5,375,318	5,354,840	20,478
Public Health and Welfare Services	176,000	133,000	126,856	6,144
Leisure Time Activities	1,000,000	977,000	966,140	10,860
Community Environment	576,000	550,000	550,876	(876)
Basic Utility Services	1,100,000	1,093,000	1,085,077	7,923
Transportation	182,000	217,000	200,024	16,976
General Government	5,574,213	5,771,213	5,609,596	161,617
Total Expenditures	<u>14,112,213</u>	<u>14,116,531</u>	<u>13,893,409</u>	<u>223,122</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,135,787	5,131,469	3,752,101	(1,379,368)
<b>Other Financing Sources (Uses):</b>				
Transfers In	10,000	10,000	0	(10,000)
Transfers Out	(5,077,000)	(5,077,000)	(3,998,138)	1,078,862
Total Other Financing Sources (Uses):	<u>(5,067,000)</u>	<u>(5,067,000)</u>	<u>(3,998,138)</u>	<u>1,068,862</u>
Net Change In Fund Balance	68,787	64,469	(246,037)	(310,506)
Fund Balance at Beginning of Year	5,442,236	5,442,236	5,442,236	0
Prior Year Encumbrances	12,695	12,695	12,695	0
Fund Balance at End of Year	<u>\$ 5,523,718</u>	<u>\$ 5,519,400</u>	<u>\$ 5,208,894</u>	<u>\$ (310,506)</u>

See accompanying notes to the basic financial statements

**CITY OF SYLVANIA, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Special Revenue Fund - American Rescue Plan Fund  
For the Year Ended December 31, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 40,000	\$ 40,000	\$ 37,220	\$ (2,780)
Total Revenues	40,000	40,000	37,220	(2,780)
<b>Expenditures:</b>				
Current:				
General Government	1,500,000	1,937,489	1,919,599	17,890
Total Expenditures	1,500,000	1,937,489	1,919,599	17,890
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,460,000)	(1,897,489)	(1,882,379)	15,110
Fund Balance at Beginning of Year	1,444,890	1,444,890	1,444,890	0
Prior Year Encumbrances	437,489	437,489	437,489	0
Fund Balance at End of Year	\$ 422,379	\$ (15,110)	\$ 0	\$ 15,110

See accompanying notes to the basic financial statements

**CITY OF SYLVANIA, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Special Revenue Fund - City Services Fund  
For the Year Ended December 31, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Special Assessments	\$ 990,000	\$ 990,000	\$ 942,264	\$ (47,736)
Total Revenues	990,000	990,000	942,264	(47,736)
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	336,000	678,000	649,873	28,127
Community Environment	258,000	258,000	230,608	27,392
Basic Utility Services	330,000	330,000	312,580	17,420
Total Expenditures	924,000	1,266,000	1,193,061	72,939
Excess (Deficiency) of Revenues Over (Under) Expenditures	66,000	(276,000)	(250,797)	25,203
Fund Balance at Beginning of Year	991,069	991,069	991,069	0
Prior Year Encumbrances	342,000	342,000	342,000	0
Fund Balance at End of Year	\$ 1,399,069	\$ 1,057,069	\$ 1,082,272	\$ 25,203

See accompanying notes to the basic financial statements

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**CITY OF SYLVANIA, OHIO**

**Statement of Net Position  
Proprietary Funds  
December 31, 2024**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Resource Recovery
<b>ASSETS</b>			
Current assets:			
Equity in Pooled Cash and Investments	\$ 4,875,428	\$ 1,399,626	\$ 81,742
Accounts Receivable	354,631	241,415	0
Interest Receivable	25,254	7,250	0
Leases Receivable - Current	107,681	0	0
Inventory of Supplies at Cost	132,485	61,916	0
Prepaid Items	24,745	16,111	725
Total current assets	<u>5,520,224</u>	<u>1,726,318</u>	<u>82,467</u>
Noncurrent assets:			
Leases Receivable	192,737	0	0
Net OPEB Asset	36,562	28,425	2,990
Capital assets:			
Property, Plant and Equipment	19,059,548	30,618,882	164,233
Construction in Progress	55,598	6,841	0
Less Accumulated Depreciation	<u>(10,948,556)</u>	<u>(21,175,282)</u>	<u>(164,233)</u>
Total Capital Assets (Net of Accumulated Depr)	<u>8,166,590</u>	<u>9,450,441</u>	<u>0</u>
Total noncurrent assets	<u>8,395,889</u>	<u>9,478,866</u>	<u>2,990</u>
Total assets	<u>13,916,113</u>	<u>11,205,184</u>	<u>85,457</u>
<b>Deferred Outflows of Resources:</b>			
Deferred Loss on Debt Refunding	21,048	0	0
Pension	307,896	239,371	25,168
OPEB	31,371	24,389	2,563
<b>Total Deferred Outflows of Resources</b>	<u>360,315</u>	<u>263,760</u>	<u>27,731</u>

**CITY OF SYLVANIA, OHIO**

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<u>Total</u>	<u>Governmental Activities Internal Service Fund</u>
\$ 6,356,796	\$ 27,197
596,046	63,738
32,504	0
107,681	0
194,401	0
41,581	0
<u>7,329,009</u>	<u>90,935</u>
192,737	0
67,977	0
49,842,663	0
62,439	0
<u>(32,288,071)</u>	<u>0</u>
<u>17,617,031</u>	<u>0</u>
<u>17,877,745</u>	<u>0</u>
<u>25,206,754</u>	<u>90,935</u>
21,048	0
572,435	0
58,323	0
<u>651,806</u>	<u>0</u>

(Continued)

**CITY OF SYLVANIA, OHIO**

**Statement of Net Position  
Proprietary Funds  
December 31, 2024**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Resource Recovery
<b>LIABILITIES</b>			
Current liabilities:			
Accounts Payable	257,521	28,527	2,332
Accrued Wages and Benefits	26,474	19,879	0
Claims Payable	0	0	0
Accrued Interest Payable	2,257	0	0
General Obligation Bonds Payable - Current	157,500	0	0
Compensated Absences Payable - Current	34,331	29,345	0
OWDA Loans Payable - Current	0	91,464	0
Total Current Liabilities	478,083	169,215	2,332
Noncurrent Liabilities:			
General Obligation Bonds Payable	1,065,443	0	0
OWDA Loans Payable	0	1,598,300	0
Net Pension Liability	1,015,256	789,306	82,991
Compensated Absences Payable	112,354	109,146	0
Total noncurrent liabilities	2,193,053	2,496,752	82,991
<b>Total Liabilities</b>	2,671,136	2,665,967	85,323
<b>Deferred Inflows of Resources:</b>			
Pension	45,740	35,441	4,282
OPEB	20,922	16,266	1,710
Leases	300,418	0	0
<b>Total Deferred Inflows of Resources</b>	367,080	51,707	5,992
<b>NET POSITION</b>			
Net Investment in Capital Assets	6,964,695	7,760,677	0
Restricted for OPEB	36,562	28,425	2,990
Unrestricted (deficit)	4,236,955	962,168	18,883
<b>Total Net Position</b>	\$ 11,238,212	\$ 8,751,270	\$ 21,873

Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.

Net Position of Business-type Activities

See accompanying notes to the basic financial statements

**CITY OF SYLVANIA, OHIO**

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<u>Total</u>	<u>Governmental Activities Internal Service Funds</u>
288,380	0
46,353	0
0	331,900
2,257	0
157,500	0
63,676	0
91,464	0
<u>649,630</u>	<u>331,900</u>
1,065,443	0
1,598,300	0
1,887,553	0
221,500	0
<u>4,772,796</u>	<u>0</u>
<u>5,422,426</u>	<u>331,900</u>
85,463	0
38,898	0
<u>300,418</u>	<u>0</u>
<u>424,779</u>	<u>0</u>
14,725,372	0
67,977	0
5,218,006	(240,965)
<u>20,011,355</u>	<u>\$ (240,965)</u>
<u>(36,157)</u>	
<u>\$ 19,975,198</u>	

**CITY OF SYLVANIA, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2024**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Resource Recovery
<b>Operating Revenues:</b>			
Charges for Services	\$ 4,894,626	\$ 3,792,466	\$ 76,846
Other Operating Revenues	52,534	380,087	0
<b>Total Operating Revenues</b>	<u>4,947,160</u>	<u>4,172,553</u>	<u>76,846</u>
<b>Operating Expenses:</b>			
Personal Services	954,003	820,110	22,390
Materials and Supplies	288,853	146,282	20,546
Contractual Services	3,477,746	2,102,418	58,040
Depreciation	648,936	656,261	0
<b>Total Operating Expenses</b>	<u>5,369,538</u>	<u>3,725,071</u>	<u>100,976</u>
<b>Operating Income (Loss)</b>	(422,378)	447,482	(24,130)
<b>Non-Operating Revenue (Expenses):</b>			
Interest Income	282,161	75,291	0
Interest and Fiscal Charges	(53,509)	(10,638)	0
Other Nonoperating Revenue	0	0	0
<b>Total Non-Operating Revenues (Expenses)</b>	<u>228,652</u>	<u>64,653</u>	<u>0</u>
<b>Income (Loss) Before Transfers</b>	(193,726)	512,135	(24,130)
<b>Transfers:</b>			
Transfers In	0	0	120,000
<b>Total Transfers</b>	<u>0</u>	<u>0</u>	<u>120,000</u>
<b>Change in Net Position</b>	(193,726)	512,135	95,870
Net Position as Previously Reported	11,449,958	8,297,558	(73,997)
Change in Accounting Principle (GASB Statement 101)	(18,020)	(58,423)	0
Net Position Beginning of Year	11,431,938	8,239,135	(73,997)
<b>Net Position End of Year</b>	<u>\$ 11,238,212</u>	<u>\$ 8,751,270</u>	<u>\$ 21,873</u>

Change in Net Position - Total Enterprise Funds

Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.

Change in Net Position - Business-type Activities

See accompanying notes to the basic financial statements

**CITY OF SYLVANIA, OHIO**

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Total	Governmental Activities Internal Service Fund
\$ 8,763,938	\$ 2,203,076
432,621	0
9,196,559	2,203,076
1,796,503	2,378,731
455,681	0
5,638,204	316,250
1,305,197	0
9,195,585	2,694,981
974	(491,905)
357,452	0
(64,147)	0
0	389,725
293,305	389,725
294,279	(102,180)
120,000	0
120,000	0
414,279	(102,180)
19,673,519	(138,785)
(76,443)	0
19,597,076	(138,785)
\$ 20,011,355	\$ (240,965)
414,279	
29,612	
\$ 443,891	

**CITY OF SYLVANIA, OHIO**

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2024**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Resource Recovery
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$4,953,637	\$4,177,436	\$76,846
Cash Payments for Goods and Services	(3,855,090)	(2,573,625)	(77,534)
Cash Payments to Employees	(1,033,750)	(843,889)	(66,471)
Cash Payments for Claims	0	0	0
Net Cash Provided (Used) by Operating Activities	<u>64,797</u>	<u>759,922</u>	<u>(67,159)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	0	0	120,000
Miscellaneous Nonoperating Revenue	0	0	0
Net Cash Provided by Noncapital Financing Activities	<u>0</u>	<u>0</u>	<u>120,000</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(941,416)	(1,405,661)	0
OWDA Loans Issued	0	431,252	0
Principal Paid on General Obligation Bonds	(155,250)	0	0
Principal Paid on OWDA Loans	0	(29,990)	0
Interest Paid on All Debt	(53,181)	(10,638)	0
Net Cash Used for Capital and Related Financing Activities	<u>(1,149,847)</u>	<u>(1,015,037)</u>	<u>0</u>
<u>Cash Flows from Investing Activities:</u>			
Change in Market Value of Investments	133,097	36,690	0
Receipts of Interest	156,557	40,461	0
Net Cash Provided by Investing Activities	<u>289,654</u>	<u>77,151</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(795,396)	(177,964)	52,841
Cash and Cash Equivalents at Beginning of Year	<u>5,670,824</u>	<u>1,577,590</u>	<u>28,901</u>
Cash and Cash Equivalents at End of Year	<u><u>\$4,875,428</u></u>	<u><u>\$1,399,626</u></u>	<u><u>\$81,742</u></u>

**CITY OF SYLVANIA, OHIO**

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Totals	Governmental Activities Internal Service Fund
\$9,207,919	\$2,180,238
(6,506,249)	(316,250)
(1,944,110)	0
0	(2,356,731)
<u>757,560</u>	<u>(492,743)</u>
120,000	0
0	349,789
<u>120,000</u>	<u>349,789</u>
(2,347,077)	0
431,252	0
(155,250)	0
(29,990)	0
(63,819)	0
<u>(2,164,884)</u>	<u>0</u>
169,787	0
197,018	0
<u>366,805</u>	<u>0</u>
(920,519)	(142,954)
<u>7,277,315</u>	<u>170,151</u>
<u>\$6,356,796</u>	<u>\$27,197</u>

(Continued)

**CITY OF SYLVANIA, OHIO**

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2024**

	Business-Type Activities		
	Enterprise Funds		
	Water	Sewer	Resource Recovery
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	(\$422,378)	\$447,482	(\$24,130)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	648,936	656,261	0
Changes in Assets, Liabilities and Deferred Inflows/Outflows:			
Decrease (Increase) in Accounts Receivable	6,477	4,883	0
Increase in Inventory	(11,243)	(1,426)	0
Decrease (Increase) in Prepaid Items	(5,071)	2,623	(60)
Decrease in Deferred Outflows of Resources	251,046	188,242	51,575
Increase Net OPEB Asset	(36,562)	(28,425)	(2,990)
Increase (Decrease) in Accounts Payable	(72,177)	(326,122)	1,112
Increase (Decrease) in Accrued Wages and Benefits	6,495	3,661	(397)
Increase in Claims Payable	0	0	0
Decrease in Net Pension Liability	(250,460)	(179,855)	(87,057)
Decrease in Net OPEB Liability	(27,972)	(21,418)	(3,757)
Increase (Decrease) in Deferred Inflows of Resources	13,003	10,041	(1,455)
Increase (Decrease) in Compensated Absences	(35,297)	3,975	0
Total Adjustments	<u>487,175</u>	<u>312,440</u>	<u>(43,029)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$64,797</u>	<u>\$759,922</u>	<u>(\$67,159)</u>

Schedule of Noncash Investing, Capital and Financing Activities:

During 2024 the fair value of investments decreased by \$37,853 and \$10,867 in the Water and Sewer Funds respectively.

See accompanying notes to the basic financial statements

**CITY OF SYLVANIA, OHIO**

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<u>Totals</u>	<u>Governmental Activities Internal Service Fund</u>
\$974	(\$491,905)
1,305,197	0
11,360	(22,838)
(12,669)	0
(2,508)	0
490,863	0
(67,977)	0
(397,187)	0
9,759	0
0	22,000
(517,372)	0
(53,147)	0
21,589	0
(31,322)	0
<u>756,586</u>	<u>(838)</u>
<u>\$757,560</u>	<u>(\$492,743)</u>

**CITY OF SYLVANIA, OHIO**

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**Statement of Net Position**  
**Fiduciary Fund**  
**December 31, 2024**

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	<u>Custodial Fund</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 182,900
<b>Total Assets</b>	<u>182,900</u>
<b>Liabilities:</b>	
Intergovernmental Payable	<u>182,900</u>
<b>Total Liabilities</b>	<u>\$ 182,900</u>

See accompanying notes to the basic financial statements

**CITY OF SYLVANIA, OHIO**

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**Statement of Changes in Net Position**  
**Fiduciary Fund**  
**For the Year Ended December 31, 2024**

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	<u>Custodial Fund</u>
<b>Additions:</b>	
Fines, Licenses and Permits for Distribution	\$ 1,699,224
Income Taxes	<u>139,516</u>
Total Contributions	<u>1,838,740</u>
<b>Deductions:</b>	
Distributions to Other Governments	<u>1,838,740</u>
Total Deductions	<u>1,838,740</u>
Change in Net Position	0
Net Position at Beginning of Year	<u>0</u>
Net Position End of Year	<u><u>\$ 0</u></u>

See accompanying notes to the basic financial statements

# **CITY OF SYLVANIA, OHIO**

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2024***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Sylvania, Ohio (the "City") is a home-rule municipal corporation created under the laws of the State of Ohio. The City operates under its own Charter. The current Charter which provides for a Council/Mayor form of government, was adopted in 1961 and has been amended 6 times (1968, 1984, 1985, 2000, 2011, 2020).

The accompanying basic financial statements of the City present the financial position of the various fund types, the results of operations of the various fund types, and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 2024 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

#### **A. Reporting Entity**

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity*," as amended by GASB Statement No. 61 "*The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34*," in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the City.

Based on the foregoing, there are no potential component units that meet the criteria imposed by GASB Statement No. 14 to be included in the City's reporting entity. The reporting entity of the City includes all funds, agencies, boards and commissions that are part of the primary government, which includes the following services: public safety, highways and streets, sanitation, cemetery, health and social services, culture and recreation, public improvements, planning and zoning and general administrative services. In addition, the City owns the water distribution and wastewater collection systems and a resource recovery operation, which are reported as enterprise funds. Water treatment services are provided by the City of Toledo. Wastewater treatment services are provided by Lucas County.

#### **1. Joint Venture with Equity Interest**

##### ***Community Center:***

The City is a participant with the Township of Sylvania in a joint venture to enhance the programs and services available to senior citizen residents in the City and the Township. The City and the Township have agreed to jointly pay to construct a community center under the authority of Ohio Revised Code Section 173.11. The original agreement is for the City to bear (40) percent of the construction costs and the Township to bear (60) percent of the construction costs, resulting in a 40/60 split in equity interest between the two. The community center is managed by Sylvania Community Services Center, Inc. (SCS), an Ohio nonprofit corporation. See Note 17 "Joint Venture."

## **CITY OF SYLVANIA, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2024***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **A. Reporting Entity** (Continued)

##### **2. Jointly Governed Organization**

###### ***Sylvania Area Joint Recreation District:***

The City in conjunction with the Sylvania Township Trustees and the Sylvania City School District formed the Sylvania Area Joint Recreation District (the "SAJRD") under the authority of Ohio Revised Code Section 755.14 (C). The SAJRD Board of Trustees is composed of twelve members, four of whom are appointed by each of the three separate governmental entities identified above. Funding for the SAJRD is provided by a voter approved tax levy on all real property located within Sylvania Township. Taxes are collected by the County Auditor and remitted to the SAJRD Board of Trustees. The SAJRD is fiscally independent of the City and the SAJRD's financial statements have not been included within the City's reporting entity.

##### **B. Basis of Presentation - Fund Accounting**

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies:

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

###### ***Governmental Funds***

*Governmental Funds* - Governmental funds are those funds through which most governmental functions are typically financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities and deferred inflows of resources (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's major governmental funds:

## ***CITY OF SYLVANIA, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2024***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **B. Basis of Presentation - Fund Accounting (Continued)**

General Fund - This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio, and the limitations of the City Charter.

American Rescue Plan Fund - This fund is used to account for Coronavirus State and Local Fiscal Recovery funds received as part of the American Rescue Plan Act.

City Services Fund - This fund is used to account for the revenues received from special assessments for tree repair and replacement, ditch maintenance and street lighting.

G.O. Debt Service Fund – This fund is used to account for the accumulation of resources for the payments of general obligation debt of the City including self-supporting obligations not otherwise paid from proprietary funds.

Capital Improvement Fund - This fund is used to account for financial resources, primarily income taxes, to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

##### ***Proprietary Funds***

All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, whereby the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise funds are:

Water Fund – This fund is used to account for the operation of the City's water service.

Sewer Fund – This fund is used to account for the operation of the City's sanitary sewer service.

Resource Recovery Fund – This fund is used to account for the operation of the City's resource recovery.

Internal Service Funds - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City has one internal service fund, the Self Insurance Fund, which is used to account for monies received from City departments to cover the cost of health care for employees of the City's departments.

## ***CITY OF SYLVANIA, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2024***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **B. Basis of Presentation - Fund Accounting** (Continued)

###### ***Fiduciary Funds***

These funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City's only fiduciary fund is a custodial fund. This fund is used to account for the collection and distribution of municipal court fines and forfeitures.

##### **C. Basis of Presentation – Financial Statements**

**Government-wide Financial Statements** – The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The internal service funds are eliminated to avoid “doubling up” revenues and expenses; however, the interfund services provided and used are not eliminated in the process of consolidation.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

**Fund Financial Statements** – Fund financial statements report detailed information about the City. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

## **CITY OF SYLVANIA, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2024***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **C. Basis of Presentation – Financial Statements (Continued)**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

##### **D. Basis of Accounting**

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the modified accrual basis when the exchange takes place and the resources are available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources

## **CITY OF SYLVANIA, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2024***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **D. Basis of Accounting** (Continued)

are provided to the City on a reimbursement basis. Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, interest on investments, state levied locally shared taxes (including motor vehicle license fees and local government assistance). Income taxes other than those withheld by employers, licenses, permits, charges for service and other miscellaneous revenues are recorded as revenue when received in cash because generally this revenue is not measurable until received.

Special assessment installments, which are measurable, but not available at December 31, are recorded as deferred inflow of resources – unavailable amount. Property taxes measurable as of December 31, 2024, but which are not intended to finance 2024 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflow of resources as further described in Note 5.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds and fiduciary funds. Revenues are recognized when they are earned and expenses recognized when incurred. Government-Wide Statements are also prepared using the accrual basis of accounting.

##### **E. Deferred Inflows/Outflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has two items that qualifies for reporting in this category. One is the deferred charge on refunding reported in the government-wide and proprietary statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 10 and 11.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for delinquent property taxes, income taxes, special assessments, charges for services, interest and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension/OPEB are reported on the government-wide statement of net position. (See Note 10 and 11)

## ***CITY OF SYLVANIA, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2024***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **E. Deferred Inflows/Outflows of Resources (Continued)**

The City also reports deferred inflows of resources for the collection of lease revenues. This represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. This deferred inflows of resources are reported on the proprietary funds statement of net position, and the government-wide statement of net position.

##### **F. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources and the appropriation ordinance, which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds other than custodial funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by ordinance of the City Council.

##### **1. Estimated Resources**

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure.

On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the previous year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2024.

# CITY OF SYLVANIA, OHIO

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## *Notes to the Basic Financial Statements For the Year Ended December 31, 2024*

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **F. Budgetary Process** (Continued)

##### 2. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified by the county budget commission. The allocation of appropriations among departments and objects within a fund may be modified during the year only by an ordinance of City Council. The Finance Director is authorized to transfer appropriations between objects of expenditure budgeted within the same function, so long as total appropriations for each function do not exceed the amount approved by Council. During the year, several supplemental appropriations were necessary to budget for capital improvements, vehicle purchases, community service programs, and various incidental expenditures. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual—General Fund," the "Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual—Special Revenue Fund-City Services Fund," and in the "Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual—Special Revenue Fund-American Rescue Plan Fund," are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

##### 3. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are included in the restricted, committed or assigned fund balance classifications for governmental funds in the accompanying basic financial statements.

##### 4. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

##### 5. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. On the budgetary basis investment earnings are recognized when realized, whereas on a GAAP basis unrealized gains and losses are recognized when investments are adjusted to fair value.

**CITY OF SYLVANIA, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2024**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Budgetary Process (Continued)**

**5. Budgetary Basis of Accounting (Continued)**

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and the major special revenue funds:

	Net Change In Fund Balance		
	General Fund	American Rescue Plan Fund	City Services Fund
GAAP Basis (as reported)	(\$296,677)	(\$40,560)	(\$63,218)
Increase (Decrease):			
Accrued Revenues at December 31, 2024 received during 2025	(1,315,352)	0	0
Accrued Revenues at December 31, 2023 received during 2024	1,234,404	0	0
Accrued Expenditures at December 31, 2024 paid during 2025	508,482	1,542,541	20,434
Accrued Expenditures at December 31, 2023 paid during 2024	(324,650)	(1,841,819)	(6,149)
2023 Prepays for 2024	492,051	0	750
2024 Prepays for 2025	(517,069)	0	(779)
2023 Accrued Revenues from Custodial Account	77,547	0	0
2024 Accrued Revenues from Custodial Account	(104,773)	0	0
Outstanding Encumbrances	0	(1,542,541)	(201,835)
Budget Basis	(\$246,037)	(\$1,882,379)	(\$250,797)

**G. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits, the State Treasury Asset Reserve (STAR Ohio), and investments with original maturities of less than three months. The STAR Ohio is reported as a cash equivalent in the basic financial statements because it is a highly liquid instrument which is readily convertible to cash. The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. For purposes of the statement of cash flows, the proprietary funds' share of equity in pooled certificates of deposit are considered to be cash equivalents. See Note 4, "Cash, Cash Equivalents and Investments."

# CITY OF SYLVANIA, OHIO

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## *Notes to the Basic Financial Statements For the Year Ended December 31, 2024*

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **H. Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" and GASB Statement No. 72, "Fair Value Measurement and Application", the City records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. During fiscal year 2024, investments were limited to Toledo Community Foundation, Inc. Mutual Funds, STAR Ohio, Certificates of Deposit, FNMA, FHLMC, FHLB, FFCB and U.S. Treasury Notes. See Note 4, "Cash, Cash Equivalents and Investments."

During 2024, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice is requested 24 hours in advance of all deposits and withdrawals exceeding \$250 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

#### **I. Inventory**

Inventory is stated at cost (first-in, first-out) in the governmental funds and at cost in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used.

#### **J. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2024, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

## ***CITY OF SYLVANIA, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2024***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **K. Capital Assets and Depreciation**

Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000, except for computer software which is capitalized if the purchase price, including license fees and installation, exceed \$50,000.

##### **1. Property, Plant and Equipment - Governmental Activities**

Governmental activities capital assets are those not directly related to the business-type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements. All infrastructure acquired prior to the implementation of GASB Statement No. 34, “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*”, has been reported.

Contributed capital assets are recorded at acquisition value at the date received. Capital assets include land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

##### **2. Property, Plant and Equipment – Business Type Activities**

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including architectural and engineering fees where applicable. Contributed capital assets are recorded at acquisition value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Position and in the respective funds.

**CITY OF SYLVANIA, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2024**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Capital Assets and Depreciation** (Continued)

3. Depreciation

All capital assets are depreciated, excluding land and CIP. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Governmental and Business-Type Activities Estimated Lives (in years)
Buildings	30
Improvements other than Buildings	20
Infrastructure	10-100
Machinery and Equipment	5 - 20

**L. Long-Term Obligations**

Long-term liabilities are being repaid from the following funds:

Obligation	Fund
General Obligation Bonds	General Obligation Debt Service Fund Court Capital Improvement Water Fund
Compensated Absences	General Fund Street Construction, Maintenance and Repair Fund Water Fund Sewer Fund
OWDA Loan	Sewer Fund
Net Pension/OPEB Liability	General Fund Street Construction, Maintenance and Repair Fund Water Fund Sewer Fund Resource Recovery Fund

**M. Leases Receivable**

Lease receivables are measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Deferred inflows of resources related to lease receivables are recorded initially as equal to the amount of the initial measurement of the lease receivable and subsequently recognized as revenue in a systematic and rational manner over the term of the lease.

## **CITY OF SYLVANIA, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2024***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **N. Compensated Absences**

Employees of the City earn vacation leave at various rates within limits specified under collective bargaining agreements or under statute. Vacation earned in a calendar year must be used during the following year. Vacation time cannot carry over into the subsequent year, unless written permission is granted from the Mayor. At termination or retirement, employees are paid at their full rate for 100% of their unused vacation leave.

GASB Statement No. 101, “*Compensated Absences*”, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. GASB Statement No. 101 establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. In addition, certain salary related payments that are directly and incrementally associated with the payments for leave should be included in the measurement of the liability.

For governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. For governmental funds, the portion of unpaid compensated absences expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account “Compensated Absences Payable.” In the government wide statement of net position, “Compensated Absences Payable” is recorded within the “Due within one year” account and the long-term portion of the liability is recorded within the “Due in more than one year” account.

##### **O. Net Position**

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflow of resources. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction of improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

## **CITY OF SYLVANIA, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2024***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **P. Fund Balances**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

*Nonspendable* – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

*Restricted* – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

*Committed* – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision making authority. For the City, these constraints consist of ordinances passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance) it employed previously to commit those amounts.

*Assigned* – Assigned fund balance consists of amounts that are constrained by the Council’s intent to be used for specific purposes, but are neither restricted nor committed.

*Unassigned* – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. Within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

## **CITY OF SYLVANIA, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2024***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **Q. Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

##### **R. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. In addition, interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements. Only transfers between governmental activities and business-type activities are reported on the statement of activities.

##### **S. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

##### **T. Operating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water treatment and distribution, wastewater collection and treatment, maintenance of storm water collection systems and collection of solid waste refuse. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## **CITY OF SYLVANIA, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2024***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **U. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2024.

##### **V. Fair Value**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Level 2 inputs are significant other observable inputs. Investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs.

#### **NOTE 2 - COMPLIANCE AND ACCOUNTABILITY**

**Fund Deficit** - The fund deficit at December 31, 2024 of \$240,965 in the Self-Insurance Fund arose from the recognition of expenses on the full accrual basis which are greater than expenses recognized on the budgetary/cash basis. A deficit does not exist under the budgetary/cash basis of accounting. Transfers are provided when cash is required, not when accruals occur.

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## CITY OF SYLVANIA, OHIO

### Notes to the Basic Financial Statements For the Year Ended December 31, 2024

#### NOTE 3 – FUND BALANCE CLASSIFICATION

Fund balance is classified as nonspendable, restricted, committed, assigned and unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	American Rescue Plan Fund	City Services Fund	General Obligation Bond Retirement Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:							
Principal	\$0	\$0	\$0	\$0	\$0	\$1,063	\$1,063
Long-Term Note Receivable	195,000	0	0	0	0	0	195,000
Prepaid Items	517,069	0	779	0	0	7,636	525,484
Supplies Inventory	181,301	0	0	0	0	91,110	272,411
Total Nonspendable	<u>893,370</u>	<u>0</u>	<u>779</u>	<u>0</u>	<u>0</u>	<u>99,809</u>	<u>993,958</u>
Restricted:							
City Services	0	0	1,263,673	0	0	0	1,263,673
Street Construction and Maintenance	0	0	0	0	0	384,815	384,815
City Permissive Tax	0	0	0	0	0	1,011,067	1,011,067
State Highway Improvement	0	0	0	0	0	555,993	555,993
Law Enforcement	0	0	0	0	0	289,518	289,518
Indigent Driver	0	0	0	0	0	92,742	92,742
Federal Equitable Sharing	0	0	0	0	0	676,937	676,937
Indigent Support	0	0	0	0	0	13,983	13,983
Court Capital Improvement	0	0	0	0	0	3,850	3,850
Police Pension	0	0	0	0	0	478,634	478,634
Total Restricted	<u>0</u>	<u>0</u>	<u>1,263,673</u>	<u>0</u>	<u>0</u>	<u>3,507,539</u>	<u>4,771,212</u>
Committed:							
Capital Improvements	0	0	0	0	18,602,197	0	18,602,197
War Memorial	0	0	0	0	0	150	150
Parks/Recreation	0	0	0	0	0	133,350	133,350
Total Committed	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>18,602,197</u>	<u>133,500</u>	<u>18,735,697</u>
Assigned:							
Police Community Affairs	0	0	0	0	0	282	282
Debt Service	0	0	0	831,660	0	0	831,660
Total Assigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>831,660</u>	<u>0</u>	<u>282</u>	<u>831,942</u>
Unassigned	5,925,537	0	0	0	0	0	5,925,537
Total Fund Balances	<u>\$6,818,907</u>	<u>\$0</u>	<u>\$1,264,452</u>	<u>\$831,660</u>	<u>\$18,602,197</u>	<u>\$3,741,130</u>	<u>\$31,258,346</u>

## ***CITY OF SYLVANIA, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2024***

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#### **NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by a number of individual funds.

Statutes require the classification of funds held by the City into three categories:

Category 1 consists of "active" funds - those funds required to be kept in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

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## ***CITY OF SYLVANIA, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2024***

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#### **NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

Category 3 consists of "interim" funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

**CITY OF SYLVANIA, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2024**

**NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**A. Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City's policy is to place deposits with major local banks.

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At year end the carrying amount of the City's deposits was \$14,435,423 and the bank balance was \$15,251,700. Federal depository insurance covered \$1,000,000 of the bank balance and \$14,251,700 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the City's name and securities held in the Ohio Pooled Collateral System.

**B. Investments**

The City's investments at December 31, 2024 are summarized below:

	Measurement Value	Fair Value Hierarchy	Investment Maturities (in Years)			Greater Than 5
			less than 1	1-3	3-5	
Toledo Community Foundation, Inc. (mutual fund)	\$132,196	N/A	\$132,196	\$0	\$0	\$0
STAR Ohio	93,058	N/A	93,058	0	0	0
U.S. Treasury Notes	5,055,114	Level 1	1,772,726	2,960,384	322,004	0
Negotiable CD's	9,429,567	Level 2	3,436,508	4,758,729	1,234,330	0
FNMA	494,279	Level 2	494,279	0	0	0
FHLMC	1,109,750	Level 2	498,458	611,292	0	0
FHLB	5,108,611	Level 2	4,435,465	673,146	0	0
FFCB	1,846,476	Level 2	821,209	1,025,267	0	0
Total Investments	<u>\$23,269,051</u>		<u>\$11,683,899</u>	<u>\$10,028,818</u>	<u>\$1,556,334</u>	<u>\$0</u>

**Interest Rate Risk** – The City's policy states that all investments must mature within five years from the date of settlement, unless the investment is matched to a specific obligation or debt of the City and is specifically approved by the Treasury Investment Board. Notwithstanding this limitation, in no case will the City funds be invested in securities with a term to maturity that exceeds the expected disbursement date of those funds.

## **CITY OF SYLVANIA, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2024***

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#### **NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

##### **B. Investments** (Continued)

*Credit Risk* – The City’s investments in FNMA, FHLMC, FHLB and FFCB securities were rated AA+ and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. Standard and Poor’s has assigned STAR Ohio an AAA money market rating.

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investments in Negotiable CD’s, FNMA, FHLMC, FHLB, FFCB and U.S. Treasury Notes securities in the amounts of \$9,429,567, \$494,279, \$1,109,750, \$5,108,611, \$1,846,476 and \$5,055,114, respectively, are uninsured and unregistered with securities held by the counterparty’s trust department or agent in the City’s name. The City has no investment policy dealing with investments’ custodial risk beyond the requirement in State statute that prohibits payments for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

*Concentration of Credit Risk* – Of the City’s investments, 41% are Negotiable CD’s, 2% are FNMA, 5% are FHLMC, 22% are FHLB, 8% are FFCB, and 22% are U.S. Treasury Securities. The City’s policy states the portfolio shall be structured to diversify investments to reduce the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or specific type of security. The maximum percentage of the portfolio (book value at the date of acquisition) permitted in each eligible security type is as follows:

• U.S. Treasury	100% Maximum
• Federal Agency	100% Maximum
• Repurchase Agreements	20% Maximum
• Commercial Paper and Bankers Acceptances Combined	25% Maximum
• Certificates of Deposits	50% Maximum
• Municipal Obligations	10% Maximum
• STAR Ohio	50% Maximum

The City’s portfolio will be further diversified to limit the exposure to any one issuer. No more than 5% of the City’s total portfolio will be invested in the securities of any single issuer with the following exceptions:

• U.S. Government Obligations	100% Maximum
• Federal Agency Obligations	100% Maximum
• STAR Ohio	100% Maximum

## ***CITY OF SYLVANIA, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2024***

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#### **NOTE 5 - TAXES**

##### **A. Property Taxes**

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2024 were levied after October 1, 2023 on assessed values as of January 1, 2023, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be reappraised every six years, and equalization adjustments are made in the third year following reappraisal. The last revaluation was completed in 2024 and the equalization adjustment was completed in 2021. Real property taxes are payable annually or semi-annually. The first payment is due in January; the remainder is payable by July.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100% of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Sylvania. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the year ended December 31, 2024 was \$5.10 per \$1,000 of assessed value. The assessed value upon which the 2024 receipts were based was \$517,682,790. This amount constitutes \$509,278,080 in real property assessed value and \$8,404,710 in public utility assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .510% (5.10 mills) of assessed value.

##### **B. Income Tax**

The City levies a tax of 1.5% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

# **CITY OF SYLVANIA, OHIO**

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2024***

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### **NOTE 6 – TAX ABATEMENT DISCLOSURES**

As of December 31, 2024, the City of Sylvania provides tax incentives under a Community Reinvestment Area (CRA).

#### **Income Tax Abatements**

The City of Sylvania created the Economic Development Grant for the purpose of maintaining Sylvania’s competitiveness as a site for location of new businesses and the expansion of existing businesses. Pursuant to Ohio Revised Code Chapter 718 and City ordinance, the City provides an incentive to the company based upon the company’s gross annual payroll, the amount of income tax generated annually and the number of jobs created or retained by the business. The abatement is administered as a refund based upon the company’s payroll taxes. The City currently has one income tax abatements in place.

#### **Real Estate Tax Abatements**

Pursuant to Ohio Revised Code Chapter 5709, the City established a Community Reinvestment area in 1994. The City of Sylvania authorizes incentives through the passage of public ordinances, based upon each businesses investment criteria, and through a contractual application process with each business, including proof that the improvements have been made. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient’s property tax bill. The establishment of the CRA gives the City the ability to maintain and expand businesses located in the City and create new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved business real estate for office and industrial uses. The City currently has one real estate abatement in place.

Below is the information relevant to the disclosure of those programs for the year ended December 31, 2024.

<u>Tax Abatement</u>	<u>Total Amount of Taxes Abated (Incentives Abated For the Year 2024 In Actual Dollars)</u>
<i>Venture Visionary Partners (2018 - 2024)</i>	
- Gross Dollar amount of income taxes abated during 2024	\$37,241

**CITY OF SYLVANIA, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2024***

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**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2024 consisted of taxes, notes, leases, intergovernmental receivables, special assessments, accounts receivable and interest.

The City allows the use of 7.7 acres of land to the Sylvania Area Joint Recreation District (SAJRD) under an arrangement whereby upon the payment of all amounts due under this agreement, the land is deeded to the SAJRD free and clear. Thus, this has been reported as a note receivable to the City of Sylvania. The original cost of the land was \$225,000.

**NOTE 8 - TRANSFERS**

Following is a summary of transfers in and out for all funds for 2024:

	Transfers In:				
Transfers Out:	G.O. Debt Service Fund	Capital Improvement Fund	Other Governmental Funds	Resource Recovery Fund	Total
General Fund	\$600,000	\$3,000,000	\$278,138	\$120,000	\$3,998,138

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

Transfers from the General Fund to the Debt Service Fund are to retire bonds issued for building construction that house these operations.

**CITY OF SYLVANIA, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2024**

**NOTE 9 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2024:

*Historical Cost:*

Class	December 31, 2023	Additions	Disposals	December 31, 2024
<i>Capital assets not being depreciated:</i>				
Land	\$9,805,579	\$0	\$0	\$9,805,579
Construction in Progress	9,416,004	2,151,855	(9,416,004)	2,151,855
<i>Capital assets being depreciated:</i>				
Land Improvements	5,960,033	0	0	5,960,033
Buildings	8,810,708	0	0	8,810,708
Machinery and Equipment	7,090,065	1,073,984	(428,732)	7,735,317
Infrastructure	41,714,614	12,927,583	0	54,642,197
Total Cost	<u>\$82,797,003</u>	<u>\$16,153,422</u>	<u>(\$9,844,736)</u>	<u>\$89,105,689</u>

*Accumulated Depreciation:*

Class	December 31, 2023	Additions	Disposals	December 31, 2024
Land Improvements	(\$2,931,062)	(\$303,115)	\$0	(\$3,234,177)
Buildings	(7,639,083)	(305,763)	0	(7,944,846)
Machinery and Equipment	(5,842,380)	(407,094)	428,732	(5,820,742)
Infrastructure	(21,369,862)	(1,524,847)	0	(22,894,709)
Total Depreciation	<u>(\$37,782,387)</u>	<u>(\$2,540,819) *</u>	<u>\$428,732</u>	<u>(\$39,894,474)</u>
<i>Net Value:</i>	<u>\$45,014,616</u>			<u>\$49,211,215</u>

\* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$983,730
Public Health and Welfare Services	19,696
Leisure Time Activities	128,376
Community Environment	116,330
Basic Utility Services	205,136
Transportation	271,368
General Government	816,183
Total Depreciation Expense	<u>\$2,540,819</u>

**CITY OF SYLVANIA, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2024**

**NOTE 9 - CAPITAL ASSETS (continued)**

**B. Business-Type Activities Capital Assets**

Summary by Category at December 31, 2024:

*Historical Cost:*

Class	December 31, 2023	Additions	Disposals	December 31, 2024
<i>Capital assets not being depreciated:</i>				
Construction in Progress	\$63,565	\$62,439	(\$63,565)	\$62,439
<i>Capital assets being depreciated:</i>				
Buildings	619,633	0	0	619,633
Machinery and Equipment	2,080,159	90,340	(15,950)	2,154,549
Improvements	44,810,618	2,257,863	0	47,068,481
Total Cost	<u>\$47,573,975</u>	<u>\$2,410,642</u>	<u>(\$79,515)</u>	<u>\$49,905,102</u>

*Accumulated Depreciation:*

Class	December 31, 2023	Additions	Disposals	December 31, 2024
Buildings	(\$584,087)	(\$2,145)	\$0	(\$586,232)
Machinery and Equipment	(1,937,652)	(82,029)	15,950	(2,003,731)
Improvements	(28,477,085)	(1,221,023)	0	(29,698,108)
Total Depreciation	<u>(\$30,998,824)</u>	<u>(\$1,305,197)</u>	<u>\$15,950</u>	<u>(\$32,288,071)</u>

*Net Value:*

Total Cost	<u>\$47,573,975</u>			<u>\$49,905,102</u>
Total Depreciation	<u>(\$30,998,824)</u>			<u>(\$32,288,071)</u>
Net Value	<u>\$16,575,151</u>			<u>\$17,617,031</u>

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## **CITY OF SYLVANIA, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2024***

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#### **NOTE 10 – DEFINED BENEFIT PENSION PLANS**

##### ***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City’s obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

##### ***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. In October 2023, the legislature approved House Bill (HB) 33 which allows for the consolidation of the combined plan with the traditional plan with the timing of the consolidation at the discretion of OPERS. As of December 31, 2023, the consolidation has not been executed.

**CITY OF SYLVANIA, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2024**

**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Traditional plan state and local members who retire before meeting the age-and-years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member’s pension benefit vests at retirement. Law enforcement and public safety members who retire before meeting the age-and-years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. Combined plan members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit.

Final average salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the member’s original base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

**CITY OF SYLVANIA, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2024**

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member’s contributions plus or minus the investment gains or losses resulting from the member’s investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members’ contributions, vested employer contributions and investment gains or losses resulting from the members’ investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
<b>2024 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
<b>2024 Actual Contribution Rates</b>	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	<u>0.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$724,018 for 2024.

## ***CITY OF SYLVANIA, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2024***

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#### **NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

##### ***Plan Description – Ohio Police & Fire Pension Fund (OPF)***

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit. (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries under optional plans, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.0 percent of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.0 percent or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

**CITY OF SYLVANIA, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2024**

**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
<b>2024 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25
<b>2024 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$587,427 for 2024.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability for OPERS was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF’s total pension liability was measured as of December 31, 2023, and was determined by rolling forward the total pension liability as of January 1, 2023, to December 31, 2023. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS	OP&F	Total
Proportionate Share of the Net Pension Liability	\$8,509,680	\$9,220,233	\$17,729,913
Proportion of the Net Pension Liability-2024	0.032504%	0.095434%	
Proportion of the Net Pension Liability-2023	0.035024%	0.096323%	
Percentage Change	(0.002520%)	(0.000889%)	
Pension Expense	\$539,685	\$782,709	\$1,322,394

## CITY OF SYLVANIA, OHIO

### *Notes to the Basic Financial Statements For the Year Ended December 31, 2024*

#### NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Changes in assumptions	\$0	\$582,709	\$582,709
Differences between expected and actual experience	139,084	295,998	435,082
Net difference between projected and actual earnings on pension plan investments	1,717,617	1,044,844	2,762,461
City contributions subsequent to the measurement date	<u>724,018</u>	<u>587,427</u>	<u>1,311,445</u>
Total Deferred Outflows of Resources	<u><u>\$2,580,719</u></u>	<u><u>\$2,510,978</u></u>	<u><u>\$5,091,697</u></u>
<b>Deferred Inflows of Resources</b>			
Changes in assumptions	\$0	\$140,028	\$140,028
Differences between expected and actual experience	0	103,115	103,115
Change in proportionate share	<u>522,608</u>	<u>346,730</u>	<u>869,338</u>
Total Deferred Inflows of Resources	<u><u>\$522,608</u></u>	<u><u>\$589,873</u></u>	<u><u>\$1,112,481</u></u>

\$1,311,445 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Year Ending December 31:			
2025	\$144,136	\$323,125	\$467,261
2026	479,792	397,242	877,034
2027	1,096,087	661,016	1,757,103
2028	(385,922)	(79,319)	(465,241)
2029	0	30,374	30,374
2030	<u>0</u>	<u>1,240</u>	<u>1,240</u>
Total	<u><u>\$1,334,093</u></u>	<u><u>\$1,333,678</u></u>	<u><u>\$2,667,771</u></u>

#### ***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation.

**CITY OF SYLVANIA, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2024**

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

The total pension liability in the December 31, 2023 and December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	December 31, 2023
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees	2.3 percent, simple through 2024, then 2.05 percent, simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age
	December 31, 2022
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3.0 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2023. 2.05 percent simple, thereafter
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.2 percent for 2023.

**CITY OF SYLVANIA, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2024**

**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board’s investment consultant. For each major asset class that is included in the Defined Benefit portfolio’s target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00%	2.85%
Domestic Equities	21.00	4.27
Real Estate	13.00	4.46
Private Equity	15.00	7.52
International Equities	20.00	5.16
Risk Parity	2.00	4.38
Other investments	5.00	3.46
Total	<u>100.00%</u>	

**Discount Rate** The discount rate used to measure the total pension liability was 6.9 percent. The discount rate for the prior year was 6.9 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	\$13,396,524	\$8,509,680	\$4,445,247

**CITY OF SYLVANIA, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2024***

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

***Actuarial Assumptions – OPF***

OPF’s total pension liability as of December 31, 2023 is based on the results of an actuarial valuation date of January 1, 2023, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2023, compared with January 1, 2022, are presented below.

	January 1, 2023	January 1, 2022
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.5 percent	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.25 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Cost of Living Adjustments	2.2 percent simple	2.2 percent simple

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

## **CITY OF SYLVANIA, OHIO**

### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2024***

#### **NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

The most recent experience study was completed for the five-year period ended December 31, 2021.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Best estimates of the long-term expected real rates of return for each major asset class included in OP&F’s target asset allocation as of December 31, 2023, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	18.60 %	4.10 %
Non-US Equity	12.40	4.90
Private Markets	10.00	7.30
Core Fixed Income *	25.00	2.40
High Yield Fixed Income	7.00	4.10
Private Credit	5.00	6.80
U.S. Inflation Linked Bonds*	15.00	2.10
Midstream Energy Infrastructure	5.00	5.80
Real Assets	8.00	6.00
Gold	5.00	3.50
Private Real Estate	12.00	5.40
Commodities	2.00	3.50
Total	125.00 %	

Note: Assumptions are geometric.

\* levered 2.0x

OP&F’s Board of Trustees has incorporated the risk parity concept into OP&F’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

**CITY OF SYLVANIA, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2024***

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

***Discount Rate*** For 2023, the total pension liability was calculated using the discount rate of 7.50 percent. The discount rate used for 2022 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 7.50 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

***Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$12,212,884	\$9,220,233	\$6,731,551

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## **CITY OF SYLVANIA, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2024***

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#### **NOTE 11 - DEFINED BENEFIT OPEB PLANS**

##### ***Net OPEB Liability (Asset)***

The net OPEB liability (asset) reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability (asset) represents the City’s proportionate share of each OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan’s fiduciary net position. The net OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the City’s obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which OPEB are financed; however, the City does receive the benefit of employees’ services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability (asset). Resulting adjustments to the net OPEB liability (asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

##### ***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

## **CITY OF SYLVANIA, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2024***

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#### **NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code. Retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice and other eligible expenses. An OPERS vendor is available to assist with the selection of a health care program

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

**Age 65 or older Retirees** Minimum of 20 years of qualifying service credit

**Age 60 to 64 Retirees** Based on the following age-and-service criteria:

**Group A** 30 years of total service with at least 20 years of qualified health care service credit;

**Group B** 31 years of total service credit with at least 20 years of qualified health care service credit; or

**Group C** 32 years of total service cred with at least 20 years of qualified health care service credit.

**Age 59 or younger** Based on the following age-and-service criteria:

**Group A** 30 years of qualified health care service credit;

**Group B** 32 years of qualified health care service credit at any age or 31 years of qualified health care service credit and at least age 52; or

**Group C** 32 years of qualified health care service credit and at least page 55.

**CITY OF SYLVANIA, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2024***

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

Retirees who do not meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022, as summarized in the following table:

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
<b>Age and Service Requirements <i>December 1, 2014 or Prior</i></b>	<b>Age and Service Requirements <i>December 1, 2014 or Prior</i></b>	<b>Age and Service Requirements <i>December 1, 2014 or Prior</i></b>
Any Age with 10 years of service credit	Any Age with 10 years of service credit	Any Age with 10 years of service credit
<b><i>January 1, 2015 through December 31, 2021</i></b>	<b><i>January 1, 2015 through December 31, 2021</i></b>	<b><i>January 1, 2015 through December 31, 2021</i></b>
Age 60 with 20 years of service credit or Any Age with 30 years of service credit	Age 52 with 31 years of service credit or Age 60 with 20 years of service credit or Any Age with 32 years of service credit	Age 55 with 32 years of service credit or Age 60 with 20 years of service credit

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

The base allowance is determined by OPERS and is currently \$1,200 per month for non-Medicare retirees and \$350 per month for Medicare retirees. The retiree receives a percentage of the base allowance, calculated based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance for both non-Medicare and Medicare retirees.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

## ***CITY OF SYLVANIA, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2024***

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#### **NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

Participants in the Member-Directed Plan have access to the Connector and have a separate health care funding mechanism. A portion of employer contributions for these participants is allocated to a retiree medical account (RMA). Members who elect the Member-Directed Plan after July 1, 2015, will vest in the RMA over 15 years at a rate of 10 percent each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015, vest in the RMA over a five-year period at a rate of 20 percent per year. Upon separation or retirement, participants may use vested RMA funds for reimbursement of qualified medical expenses.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. For fiscal year 2024, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2024, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan. Beginning July 1, 2022, there was a two percent allocation to health care for the Combined Plan which has continued through 2024. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2024 was 4.0 percent. Effective July 1, 2022, a portion of the health care rate was funded with reserves which has continued through 2024.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2024.

## ***CITY OF SYLVANIA, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2024***

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#### **NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

##### ***Plan Description – Ohio Police & Fire Pension Fund (OP&F)***

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

**CITY OF SYLVANIA, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2024***

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2024, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The City's contractually required contribution to OP&F was \$15,459 for 2024.

***OPEB Liabilities (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2023, and was determined by rolling forward the total OPEB liability as of January 1, 2023, to December 31, 2023. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability (Asset)	(\$306,454)	\$696,791	\$390,337
Proportion of the Net OPEB Liability (Asset) -2024	0.033955%	0.095434%	
Proportion of the Net OPEB Liability (Asset) -2023	<u>0.036264%</u>	<u>0.096323%</u>	
Percentage Change	<u>(0.002309%)</u>	<u>(0.000889%)</u>	
OPEB Expense	(\$50,588)	\$15,877	(\$34,711)

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**CITY OF SYLVANIA, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2024**

**NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Changes in assumptions	\$78,897	\$239,768	\$318,665
Differences between expected and actual experience	0	33,508	33,508
Net difference between projected and actual earnings on OPEB plan investments	184,043	51,454	235,497
Change in proportionate share	0	39,426	39,426
City contributions subsequent to the measurement date	0	15,459	15,459
Total Deferred Outflows of Resources	<u>\$262,940</u>	<u>\$379,615</u>	<u>\$642,555</u>
<b>Deferred Inflows of Resources</b>			
Changes in assumptions	\$131,736	\$448,721	\$580,457
Differences between expected and actual experience	43,616	128,051	171,667
Change in proportionate share	0	77,271	77,271
Total Deferred Inflows of Resources	<u>\$175,352</u>	<u>\$654,043</u>	<u>\$829,395</u>

\$15,459 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
2025	(\$7,774)	(\$32,094)	(\$39,868)
2026	14,249	(40,105)	(25,856)
2027	143,261	(21,314)	121,947
2028	(62,148)	(59,951)	(122,099)
2029	0	(62,664)	(62,664)
2030	0	(70,836)	(70,836)
2031	0	(2,903)	(2,903)
2032	0	(20)	(20)
Total	<u>\$87,588</u>	<u>(\$289,887)</u>	<u>(\$202,299)</u>

## **CITY OF SYLVANIA, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2024***

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#### **NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

##### ***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	5.70 percent
Prior measurement date	5.22 percent
Investment Rate of Return:	
Current measurement date	6.00 percent
Prior measurement date	6.00 percent
Municipal Bond Rate:	
Current measurement date	3.77 percent
Prior measurement date	4.05 percent
Health Care Cost Trend Rate:	
Current measurement date	5.5 percent initial, 3.5 percent ultimate in 2038
Prior measurement date	5.5 percent initial, 3.5 percent ultimate in 2036
Actuarial Cost Method	Individual Entry Age Normal

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five year period ended December 31, 2020

**CITY OF SYLVANIA, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2024**

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.0 percent for 2023.

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00%	2.82%
Domestic Equities	25.00	4.27
Real Estate Investment Trust	5.00	4.68
International Equities	25.00	5.16
Risk Parity	3.00	4.38
Other investments	5.00	2.43
Total	<u>100.00%</u>	

**Discount Rate** A single discount rate of 5.70 percent was used to measure the total OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.77 percent (Fidelity Index's "20-Year Municipal GO AA Index").

**CITY OF SYLVANIA, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2024**

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate** The following table presents the City's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 5.70 percent, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (4.70 percent) or one-percentage-point higher (6.70 percent) than the current rate:

	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
City's proportionate share of the net OPEB liability (asset)	\$168,417	(\$306,454)	(\$699,813)

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability or asset. The following table presents the net OPEB liability or asset calculated using the assumed trend rates, and the expected net OPEB liability or asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability (asset)	(\$319,177)	(\$306,454)	(\$292,013)

**CITY OF SYLVANIA, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2024**

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

**Actuarial Assumptions – OP&F**

OP&F’s total OPEB liability as of December 31, 2023, is based on the results of an actuarial valuation date of January 1, 2023, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee’s entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

	January 1, 2023	January 1, 2022
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.5 percent	7.5 percent
Projected Salary Increases	3.50 percent to 10.5 percent	3.25 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Single discount rate	4.07 percent	4.27 percent
Cost of Living Adjustments	2.2 percent simple	2.2 percent simple
Projected Depletion Year of OPEB Assets	2038	2036

Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

**CITY OF SYLVANIA, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2024**

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

The most recent experience study was completed for the five-year period ended December 31, 2021.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in OP&F's Statement of Investment Policy. A forecasted rate of inflation serves as a baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2023, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	18.60 %	4.10 %
Non-US Equity	12.40	4.90
Private Markets	10.00	7.30
Core Fixed Income *	25.00	2.40
High Yield Fixed Income	7.00	4.10
Private Credit	5.00	6.80
U.S. Inflation Linked Bonds*	15.00	2.10
Midstream Energy Infrastructure	5.00	5.80
Real Assets	8.00	6.00
Gold	5.00	3.50
Private Real Estate	12.00	5.40
Commodities	2.00	3.50
Total	<u>125.00 %</u>	

Note: Assumptions are geometric.

\* levered 2.0x

**CITY OF SYLVANIA, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2024**

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)**

OP&F’s Board of Trustees has incorporated the risk parity concept into OP&F’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** For 2023, the total OPEB liability was calculated using the discount rate of 4.07 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.5 percent. Based on those assumptions, OP&F’s fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, the long-term assumed rate of return on investments of 7.5 percent was applied to periods before December 31, 2037, and the Municipal Bond Index Rate of 3.38 percent was applied to periods on and after December 31, 2037, resulting in a discount rate of 4.07 percent.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** The net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.07 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.07 percent), or one percentage point higher (5.07 percent) than the current rate.

	1% Decrease (3.07%)	Current Discount Rate (4.07%)	1% Increase (5.07%)
City's proportionate share of the net OPEB liability	\$858,255	\$696,791	\$560,809

**Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate** The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

# **CITY OF SYLVANIA, OHIO**

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2024***

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### **NOTE 12 – COMPENSATED ABSENCES**

All City employees earn vacation at varying rates based upon length of service. Vacation time cannot be carried over from one year to the next without approval from the Mayor.

The rate of cash compensation for sick leave payout varies within specified limits under collective bargaining agreements or under law. Employees are paid 25% of the accumulated sick time upon retirement. Employees are eligible for retirement at age 60 with 5 years of service, age 55 with 25 years of service, and any age with at least 30 years of service. Compensation for sick leave is paid at the employee's full rate of pay at the time of termination or retirement.

At December 31, 2024, the City's accumulated, unpaid compensated absences amounted to \$2,212,768, of which \$1,927,592 is recorded as a liability of the Governmental Activities and \$285,176 is recorded as a liability of the Business-Type Activities.

### **NOTE 13 – LEASES**

The City of Sylvania (Landlord) has entered into a lease agreement with T-Mobile Central LLC (Tenant). The lease was for space to place a cell tower on the water tower for T-Mobile to provide cell phone service to the surrounding area. As part of the lease agreement, T-Mobile has agreed to pay the City a monthly payment ranging from \$3,745 to \$4,552 through 2027. The lease can be renewed with both parties' agreement to do so.

The City of Sylvania (Landlord) has entered into a lease agreement with Sprint Spectrum Realty Company, L.P. (Tenant). The lease was for space to place a cell tower on the water tower for Sprint to provide cell phone service to the surrounding area. As part of the lease agreement, Sprint has agreed to pay the City a monthly payment ranging from \$4,572 to \$5,557 through 2027. The lease can be renewed with both parties' agreement to do so.

A summary of future lease payments to be received by the City, including lease revenue and interest payments as of December 31, 2024, follows:

	<u>Enterprise Funds</u>		
<u>Years</u>	<u>Lease Revenue</u>	<u>Interest</u>	<u>Total</u>
2025	\$107,681	\$2,347	\$110,028
2026	113,065	2,465	115,530
2027	79,672	1,199	80,871
Totals	<u>\$300,418</u>	<u>\$6,011</u>	<u>\$306,429</u>

## CITY OF SYLVANIA, OHIO

### Notes to the Basic Financial Statements For the Year Ended December 31, 2024

#### NOTE 14 - LONG-TERM DEBT

Long-term debt and other long-term obligations of the City at December 31, 2024 were as follows:

		Restated Balance December 31, 2023	Additions	(Reductions)	Balance December 31, 2024	Amount Due Within One Year
<b>Governmental Activities:</b>						
General Obligation Bonds:						
2-2.125% Street Improvement	2012	\$300,000	\$0	(\$300,000)	\$0	\$0
Premium		7,420	0	(7,420)	0	0
2-4.00% Refunding Various Improvements	2017	2,445,000	0	(465,000)	1,980,000	475,000
Premium		55,013	0	(11,003)	44,010	0
2-3.00% Refunding Various Improvements	2017	3,290,000	0	(375,000)	2,915,000	385,000
Premium		31,228	0	(4,461)	26,767	0
3-4.00% Refunding Various Improvements	2017	1,663,750	0	(189,750)	1,474,000	192,500
Premium		23,672	0	(2,958)	20,714	0
Total General Obligation Bonds		7,816,083	0	(1,355,592)	6,460,491	1,052,500
Compensated Absences		1,966,120	867,985	(906,513)	1,927,592	427,945
Net Pension Liability		17,090,884	0	(1,248,524)	15,842,360	0
Net OPEB Liability		861,290	0	(164,499)	696,791	0
Total Governmental Activities Long-Term Debt		<u>\$27,734,377</u>	<u>\$867,985</u>	<u>(\$3,675,128)</u>	<u>\$24,927,234</u>	<u>\$1,480,445</u>
<b>Business-Type Activities:</b>						
General Obligation Bond:						
2-4.00% Refunding Water Tower Bond	2017	\$1,361,250	\$0	(\$155,250)	\$1,206,000	\$157,500
Premium		19,364	0	(2,421)	16,943	0
Total General Obligation Bonds		1,380,614	0	(157,671)	1,222,943	157,500
<u>Direct Borrowing</u>						
Ohio Water Development Authority Loans (OWDA):						
Large Sanitary Sewer Line Phase 1	2021	675,518	0	(16,123)	659,395	49,193
Large Sanitary Sewer Line Phase 2	2022	612,984	0	(13,867)	599,117	42,271
Large Sanitary Sewer Line Phase 3	2024	0	431,252	0	431,252	0
Total OWDA Loans		1,288,502	431,252	(29,990)	1,689,764	91,464
Compensated Absences		348,497	55,031	(118,352)	285,176	63,676
Net Pension Liability		2,404,925	0	(517,372)	1,887,553	0
Net OPEB Liability		53,147	0	(53,147)	0	0
Total Business-Type Long-Term Debt		<u>\$5,475,685</u>	<u>\$486,283</u>	<u>(\$876,532)</u>	<u>\$5,085,436</u>	<u>\$312,640</u>

**CITY OF SYLVANIA, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2024**

**NOTE 14 - LONG-TERM DEBT (Continued)**

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2024, follows:

Years	General Obligation Bonds		OWDA Loan Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$1,210,000	\$181,891	\$91,464	\$20,028	\$1,301,464	\$201,919
2026	1,245,000	156,729	62,242	19,012	1,307,242	175,741
2027	1,275,000	130,841	63,275	17,979	1,338,275	148,820
2028	1,310,000	101,141	64,325	16,929	1,374,325	118,070
2029	820,000	68,553	65,392	15,863	885,392	84,416
2030-2034	1,715,000	70,596	343,602	62,668	2,058,602	133,264
2035-2039	0	0	373,075	33,195	373,075	33,195
2040-2042	0	0	195,137	4,911	195,137	4,911
Totals	\$7,575,000	\$709,751	\$1,258,512	\$190,585	\$8,833,512	\$900,336

**OWDA Loans Payable** - The OWDA loans from direct borrowings represents the amount borrowed from the Ohio Water Development Authority for construction of water and sewer system improvements. In the event of default on the loan, (1) the amount of the default shall bear interest at the default rate from the due date until the date of payment, (2) if any of the charges have not been paid within thirty days, in addition to the interest calculated at the default rate, a late charge of 1 percent on the amount of each default shall also be paid to OWDA, and (3) for each additional thirty days during which the charges remain unpaid, the City shall continue to pay an additional late charge of 1 percent on the amount of the default until such charges are paid.

The OWDA loan #10835 of \$431,252 is not included in the above maturity tables. The construction has started, but the loan is not payable until the construction is completed. At that time, loan payments will be determined.

**NOTE 15 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City has contracted with various private carriers for the provision of property damage, general liability, automotive damage, public officials liability, police liability, boiler and machinery damage/loss, umbrella liability, and crime and employee dishonesty. Deductible levels for the various policies have been selected so as not to expose the City to excessive "first dollars" loss in the case of a claim. Deductibles range between \$250 and \$1,000 per loss for property damage. In the professional liability areas, no deductible exceeds \$10,000.

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs. The City also pays unemployment claims to the State of Ohio as incurred.

**CITY OF SYLVANIA, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2024***

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**NOTE 15 - RISK MANAGEMENT (Continued)**

The City continues to carry commercial insurance for other risks of loss, including employee life insurance. There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The City maintains a self-funded health insurance program with claims processed by Paramount Care, Inc. A separate Self Insurance Fund (an internal service fund) was created in 2004 to account for and finance the health insurance program. As an integral part of the health insurance program, a reinsurance policy has been purchased covering claims in excess of \$170,000 per individual per year. Settled claims have not exceeded the commercial coverage limits in either of the past three fiscal years.

All funds of the City from which employee salaries are paid, participate in the health insurance program and make payments to the Self Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. Total contributions to the program during the year were \$2,203,076. The claims liability of \$331,900 reported in the Self Insurance Fund at December 31, 2024 is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," as amended by GASB Statement No. 30 "Risk Management Omnibus," which requires that a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and if the amount of the loss can be reasonably estimated. Changes in the Fund's claims liability amount in fiscal 2023 and 2024 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2023	\$282,400	\$2,103,794	(\$2,076,294)	\$309,900
2024	309,900	2,716,981	(2,694,981)	331,900

## ***CITY OF SYLVANIA, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2024***

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#### **NOTE 16 - CONTINGENCIES**

The City is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

#### **NOTE 17 - JOINT VENTURE**

***Community Center*** - The City is a participant with the Township of Sylvania in a joint venture to enhance the programs and services available to senior citizen residents in the City and the Township. The City and the Township agreed to jointly pay to construct a community center under the authority of Ohio Revised Code Section 173.11. The original agreement required the City to bear (40) percent of the construction costs and the Township to bear (60) percent of the construction costs, resulting in a 40/60 split in equity interest between the two. The community center is managed by Sylvania Community Services Center, Inc. (SCS), an Ohio nonprofit corporation. During 2002 the City issued \$4,110,000 in General Obligation Bonds, \$740,000 of which, were used to help in the construction of the community center. The City also donated \$334,000 worth of land towards the construction of the community center. The issuance of the general obligation bonds along with the donated land total \$1,074,000 worth of equity interest that the City has in the community center. In addition to the (40) percent equity interest that the City owns in the community center, the City also has an option to purchase on or after January 1, 2022, the Township's equity interest in the community center.

#### **NOTE 18 - CONDUIT DEBT OBLIGATIONS**

On March 28, 2012, the City of Sylvania issued \$4,395,000 of Ohio Health Care Revenue bonds on behalf of the Rosery Care Center, an Ohio nonprofit corporation. The bonds were issued pursuant to a Trust Indenture between the City, Rosery Care Center, and Huntington National Bank. For financial reporting purposes, the bonds are considered "conduit" debt, and are not an obligation of the City of Sylvania. As of December 31, 2024, the balance outstanding on the debt obligation is \$2,670,000.

**CITY OF SYLVANIA, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2024***

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**NOTE 19 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE/NET POSITION**

**A. Change in Accounting Principles**

For 2024 the City implemented Governmental Accounting Standards Board (GASB) Statement No. 100, “Accounting Changes and Error Corrections” and Statement No. 101, “Compensated Absences.”

GASB Statement No. 100 addresses accounting and financial reporting requirements for accounting changes and error corrections.

GASB Statement No. 101 updates the recognition and measurement guidance for compensated absences.

The implementation of Statement 100 had no effect on beginning net position/fund balance.

**B. Restatement of Net Position**

Certain adjustments were necessary to beginning of year net position to implement GASB Statement No. 101 updating the recognition and measurement guidance for compensated absences.

This implementation had the following effect on net position as reported December 31, 2023:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Water Fund</u>	<u>Sewer Fund</u>
Net Position December 31, 2023, as Reported	\$55,546,666	\$19,607,750	\$11,449,958	\$8,297,558
Adjustments:				
Implementation of GASB 101	(798,248)	(76,443)	(18,020)	(58,423)
Restated Net Position December 31, 2023	<u>\$54,748,418</u>	<u>\$19,531,307</u>	<u>\$11,431,938</u>	<u>\$8,239,135</u>

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*REQUIRED SUPPLEMENTARY INFORMATION*

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**CITY OF SYLVANIA, OHIO**

***Schedule of City's Proportionate Share of the Net Pension Liability  
Last Ten Years***

**Ohio Public Employees Retirement System**

Year	2015	2016	2017	2018
City's proportion of the net pension liability	0.041953%	0.041629%	0.040928%	0.042682%
City's proportionate share of the net pension liability	\$5,060,001	\$7,210,585	\$9,294,108	\$6,695,975
City's covered payroll	\$5,242,517	\$5,235,567	\$5,319,050	\$5,638,108
City's proportionate share of the net pension liability as a percentage of its covered payroll	96.52%	137.72%	174.73%	118.76%
Plan fiduciary net position as a percentage of the total pension liability	86.45%	81.08%	77.25%	84.66%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

**Ohio Police and Fire Pension Fund**

Year	2015	2016	2017	2018
City's proportion of the net pension liability	0.1151829%	0.112505%	0.108727%	0.116479%
City's proportionate share of the net pension liability	\$5,966,955	\$7,237,495	\$6,886,674	\$7,148,867
City's covered payroll	\$2,536,605	\$2,540,321	\$2,597,379	\$2,826,958
City's proportionate share of the net pension liability as a percentage of its covered payroll	235.23%	284.90%	265.14%	252.88%
Plan fiduciary net position as a percentage of the total pension liability	72.20%	66.77%	68.36%	70.91%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

The schedule is reported as of the measurement date of the Net Pension Liability, which is the prior year end.

See accompanying notes to required supplementary information

**CITY OF SYLVANIA, OHIO**

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<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
0.040694%	0.039509%	0.039786%	0.037639%	0.035024%	0.032504%
\$11,145,258	\$7,809,219	\$5,891,440	\$3,274,744	\$10,346,104	\$8,509,680
\$6,179,100	\$5,605,779	\$5,603,621	\$5,463,379	\$5,430,914	\$5,327,950
180.37%	139.31%	105.14%	59.94%	190.50%	159.72%
74.70%	82.17%	86.88%	92.62%	75.74%	79.01%

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
0.108642%	0.103506%	0.102317%	0.100201%	0.096323%	0.095434%
\$8,868,058	\$6,972,684	\$6,975,022	\$6,260,005	\$9,149,705	\$9,220,233
\$2,729,621	\$2,729,768	\$2,483,423	\$2,532,066	\$2,594,859	\$2,710,254
324.88%	255.43%	280.86%	247.23%	352.61%	340.20%
63.07%	69.89%	70.65%	75.03%	62.90%	63.63%

**CITY OF SYLVANIA, OHIO**

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***Schedule of City Pension Contributions  
Last Ten Years***

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**Ohio Public Employees Retirement System**

Year	2015	2016	2017	2018
Contractually required contribution	\$628,268	\$638,286	\$732,954	\$865,074
Contributions in relation to the contractually required contribution	628,268	638,286	732,954	865,074
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
City's covered payroll	\$5,235,567	\$5,319,050	\$5,638,108	\$6,179,100
Contributions as a percentage of covered payroll	12.00%	12.00%	13.00%	14.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

**Ohio Police and Fire Pension Fund**

Year	2015	2016	2017	2018
Contractually required contribution	\$482,661	\$493,502	\$537,122	\$518,628
Contributions in relation to the contractually required contribution	482,661	493,502	537,122	518,628
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
City's covered payroll	\$2,540,321	\$2,597,379	\$2,826,958	\$2,729,621
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

See accompanying notes to required supplementary information

**CITY OF SYLVANIA, OHIO**

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2019	2020	2021	2022	2023	2024
\$784,809	\$784,507	\$764,873	\$760,328	\$745,913	\$724,018
784,809	784,507	764,873	760,328	745,913	724,018
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$5,605,779	\$5,603,621	\$5,463,379	\$5,430,914	\$5,327,950	\$5,171,557
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

2019	2020	2021	2022	2023	2024
\$518,656	\$528,969	\$539,330	\$552,705	\$577,284	\$587,427
518,656	528,969	539,330	552,705	577,284	587,427
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,729,768	\$2,483,423	\$2,532,066	\$2,594,859	\$2,710,254	\$2,757,873
19.00%	21.30%	21.30%	21.30%	21.30%	21.30%

**CITY OF SYLVANIA, OHIO**

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**Schedule of City's Proportionate Share of the Net Other Postemployment Benefits (OPEB)  
Liability/(Asset)  
Last Eight Years**

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**Ohio Public Employees Retirement System**

Year	<u>2017</u>	<u>2018</u>	<u>2019</u>
City's proportion of the net OPEB liability (asset)	0.040789%	0.042426%	0.041126%
City's proportionate share of the net OPEB liability (asset)	\$4,119,805	\$4,607,190	\$5,361,859
City's covered payroll	\$5,319,050	\$5,638,108	\$6,179,100
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	77.45%	81.72%	86.77%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	54.50%	54.14%	46.33%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

**Ohio Police and Fire Pension Fund**

Year	<u>2017</u>	<u>2018</u>	<u>2019</u>
City's proportion of the net OPEB liability	0.108727%	0.116479%	0.108642%
City's proportionate share of the net OPEB liability	\$5,161,038	\$6,599,560	\$989,352
City's covered payroll	\$2,597,379	\$2,826,958	\$2,729,621
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	198.70%	233.45%	36.25%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%	46.57%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2016 is not available.

The schedule is reported as of the measurement date of the Net OPEB Liability/(Asset).

See accompanying notes to required supplementary information

**CITY OF SYLVANIA, OHIO**

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<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
0.040142%	0.040608%	0.038668%	0.036264%	0.033955%
\$5,544,652	(\$723,464)	(\$1,211,144)	\$228,649	(\$306,454)
\$5,605,779	\$5,603,621	\$5,463,379	\$5,430,914	\$5,327,950
98.91%	(12.91%)	(22.17%)	4.21%	(5.75%)
47.80%	115.57%	128.23%	94.79%	107.76%

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
0.103506%	0.102317%	0.100201%	0.096323%	0.095434%
\$1,022,399	\$1,084,062	\$1,098,294	\$685,788	\$696,791
\$2,729,768	\$2,483,423	\$2,532,066	\$2,594,859	\$2,710,254
37.45%	43.65%	43.38%	26.43%	25.71%
47.08%	45.42%	46.86%	52.59%	51.89%

**CITY OF SYLVANIA, OHIO**

***Schedule of City's Other Postemployment Benefit (OPEB) Contributions  
Last Ten Years***

**Ohio Public Employees Retirement System**

Year	2015	2016	2017	2018
Contractually required contribution	\$104,711	\$106,381	\$56,381	\$0
Contributions in relation to the contractually required contribution	104,711	106,381	56,381	0
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$5,235,567	\$5,319,050	\$5,638,108	\$6,179,100
Contributions as a percentage of covered payroll	2.00%	2.00%	1.00%	0.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

**Ohio Police and Fire Pension Fund**

Year	2015	2016	2017	2018
Contractually required contribution	\$12,702	\$12,987	\$14,135	\$13,648
Contributions in relation to the contractually required contribution	12,702	12,987	14,135	13,648
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$2,540,321	\$2,597,379	\$2,826,958	\$2,729,621
Contributions as a percentage of covered payroll	0.50%	0.50%	0.47%	0.50%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.

See accompanying notes to required supplementary information

**CITY OF SYLVANIA, OHIO**

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2019	2020	2021	2022	2023	2024
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
\$0	\$0	\$0	\$0	\$0	\$0
\$5,605,779	\$5,603,621	\$5,463,379	\$5,430,914	\$5,327,950	\$5,171,557
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

2019	2020	2021	2022	2023	2024
\$13,649	\$13,920	\$14,193	\$14,545	\$15,192	\$15,459
13,649	13,920	14,193	14,545	15,192	15,459
\$0	\$0	\$0	\$0	\$0	\$0
\$2,729,768	\$2,483,423	\$2,532,066	\$2,594,859	\$2,710,254	\$2,757,873
0.47%	0.50%	0.50%	0.50%	0.50%	0.50%

## **CITY OF SYLVANIA, OHIO**

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### ***Notes to the Required Supplementary Information For the Year Ended December 31, 2024***

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#### **NET PENSION LIABILITY**

##### **OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

*Changes in benefit terms:* There were no changes in benefit terms for the period 2015-2024.

*Changes in assumptions:*

2015-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%
- Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table.

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2019: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

2020: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 3.00% to 1.4% for post 1/7/13 retirees.

2021: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 1.4% to 0.5% for post 1/7/13 retirees.

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 0.5% to 3.00% for post 1/7/13 retirees.
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%.
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

2023-2024: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

## ***CITY OF SYLVANIA, OHIO***

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### ***Notes to the Required Supplementary Information For the Year Ended December 31, 2024***

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#### **NET PENSION LIABILITY** (Continued)

##### **OHIO POLICE AND FIRE (OP&F) PENSION FUND**

*Changes in benefit terms:* There were no changes in benefit terms for the period 2015-2024.

*Changes in assumptions:*

2015-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2018: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%
- For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006
- For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%

2023: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Mortality for non-disabled participants is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table
- Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table
- Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table
- Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table

2024: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

## **CITY OF SYLVANIA, OHIO**

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### ***Notes to the Required Supplementary Information For the Year Ended December 31, 2024***

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#### **NET OPEB LIABILITY (ASSET)**

##### **OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

*Changes in benefit terms:* There were no changes in benefit terms for the periods 2018-2021, and 2023-2024.

2022: Group plans for non-Medicare retirees and re-employed retirees replaced with individual medical plans. OPERS will provide a subsidy or allowance via an HRA.

*Changes in assumptions:*

For 2018, the single discount rate changed from 4.23% to 3.85%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.85% to 3.96%.
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.5% to 10%
- The Municipal Bond Rate changed from 3.31% to 3.71%

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.96% to 3.16%.
- Change in health care cost trend rate from 10.0% to 10.5%
- The Municipal Bond Rate changed from 3.71% to 2.75%

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.16% to 6.00%.
- Change in health care cost trend rate from 10.5% to 8.5%
- The Municipal Bond Rate changed from 2.75% to 2.00%

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- Change in health care cost trend rate from 8.5% to 5.5%
- The Municipal Bond Rate changed from 2.00% to 1.84%
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

## **CITY OF SYLVANIA, OHIO**

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### ***Notes to the Required Supplementary Information For the Year Ended December 31, 2024***

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#### **NET OPEB LIABILITY (ASSET)** (Continued)

##### **OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)** (Continued)

2023: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The Municipal Bond Rate changed from 1.84% to 4.05%
- The single discount rate changed from 6.00% to 5.22%.

2024: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The Municipal Bond Rate changed from 4.05% to 3.77%
- The single discount rate changed from 5.22% to 5.70%.

##### **OHIO POLICE AND FIRE (OP&F) PENSION FUND**

###### *Changes in benefit terms:*

2018: There were no changes in benefit terms.

2019: The retiree health care model and the current self-insured health care plan were replaced with a stipend-based health care model.

2020 - 2024: There were no changes in benefit terms.

###### *Changes in assumptions:*

2018: The single discount rate changed from 3.79% to 3.24%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.24% to 4.66%.

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 4.66% to 3.56%.

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.56% to 2.96%.
- The payroll growth rate changed from 2.75% to 3.25%.

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 2.96% to 2.84%.
- The investment rate of return changed from 8.0% to 7.5%.

**CITY OF SYLVANIA, OHIO**

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***Notes to the Required Supplementary Information  
For the Year Ended December 31, 2024***

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**NET OPEB LIABILITY (ASSET)** (Continued)

**OHIO POLICE AND FIRE (OP&F) PENSION FUND** (Continued)

2023: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 2.84% to 4.27%.
- Mortality for non-disabled participants is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table
- Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table
- Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table
- Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table

2024: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 4.27% to 4.07%.

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**CITY OF SYLVANIA, OHIO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2024**

<b>FEDERAL GRANTOR/PASS-THROUGH GRANTER/PROGRAM OR CLUSTER TITLE</b>	<b>Federal Assistance Listing Number</b>	<b>PASS-THROUGH ENTITY IDENTIFYING NUMBER</b>	<b>TOTAL FEDERAL EXPENDITURES</b>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
<b>PASSED THROUGH THE OHIO DEPARTMENT OF TRANSPORTATION</b>			
Highway Planning and Construction	20.205	PID 118134	486,536
Highway Planning and Construction	20.205	PID 111207	400,000
Highway Planning and Construction	20.205	PID 107489	369,292
Highway Planning and Construction	20.205	PID 109598	405,311
<b>Total U.S. Department of Transportation</b>			<b><u>1,661,139</u></b>
<b><u>U.S. DEPARTMENT OF THE TREASURY</u></b>			
<b>PASSED THROUGH THE OHIO OFFICE OF BUDGET AND MANAGEMENT</b>			
COVID19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	n/a	377,058
<b>Total U.S. Department of the Treasury</b>			<b><u>377,058</u></b>
<b>Total Federal Expenditures</b>			<b><u>\$ 2,038,197</u></b>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of City of Sylvania, Ohio (the “City”) under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the City Council  
City of Sylvania, Ohio:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sylvania, Ohio ("the City"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 16, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Clark, Schaefer, Hackett & Co.*

Maumee, Ohio  
June 16, 2025

## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the City Council  
City of Sylvania, Ohio:

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited the City of Sylvania, Ohio's (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2024. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Clark, Schaefer, Hackett & Co.*

Maumee, Ohio  
June 16, 2025

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued :	unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	no
• Significant deficiency(ies) identified not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted?	no

**Federal Awards**

Internal Control over major program:	
• Material weakness(es) identified?	no
• Significant deficiency(ies) identified not considered to be material weaknesses?	none reported
Type of auditors' report issued on compliance for major program:	unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	no
Identification of major program:	
<i>ALN 20.205 - Highway Planning and Construction</i>	
Dollar threshold to distinguish between Type A and Type B Programs:	\$750,000
Auditee qualified as low-risk auditee?	no

**Section II - Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None

# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF SYLVANIA**

**LUCAS COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 9/2/2025**

65 East State Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)